



實力建業
APPLIED DEVELOPMENT

APPLIED DEVELOPMENT HOLDINGS LIMITED

實力建業集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 519

2023
Annual Report



* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wu Zhanming
(Chairman and Acting Chief Executive Officer)
Mr. Wu Tao

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Tat Chi, Michael
Mr. Zhu Xinhui
Dr. Chan Kin Keung Eugene *SBS, BBS, JP*

AUDIT COMMITTEE

Mr. Yu Tat Chi, Michael *(Chairman)*
Mr. Zhu Xinhui
Dr. Chan Kin Keung Eugene *SBS, BBS, JP*

REMUNERATION COMMITTEE

Mr. Zhu Xinhui *(Chairman)*
Mr. Yu Tat Chi, Michael
Mr. Wu Zhanming

NOMINATION COMMITTEE

Mr. Wu Zhanming *(Chairman)*
Mr. Yu Tat Chi, Michael
Mr. Zhu Xinhui

COMPANY SECRETARY

Ms. Luk Shan

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2408A, 24th Floor
Tower 1, Lippo Centre
89 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor
Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

PRINCIPAL BANKS

China Construction Bank (Asia) Corporation Limited
Hang Seng Bank Limited
Nanyang Commercial Bank, Limited

AUDITOR

Mazars CPA Limited
Certified Public Accountants

SOLICITORS

Han Kun Law Offices LLP
ONC Lawyers

STOCK CODE

HKEx: 519

WEBSITE

www.applieddev.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Applied Development Holdings Limited (the “**Company**”), I am pleased to present to all Shareholders the report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 30 June 2023.

RESULTS

During FY2023, the Company recorded a loss of approximately HK\$43,666,000, which was mainly due to a net decrease in the fair value of financial assets at FVPL of HK\$29,123,000 and a net decrease in the fair value of investment properties of HK\$14,200,000.

PROSPECTS

2022 was a remarkable year with the ever-changing international situation, causing the global economic situation increasingly difficult. Despite that the business activities of the Group and the daily life of our staff had recovered to normal situation gradually as the comprehensively optimization of the domestic pandemic prevention and control measures in the PRC in the first half of 2023, the sales work of the Wuxi Property Project of the Group had been suppressed for a long time and still faces various challenges.

1. Property business: In 2022, with the tightening of macroeconomic situation, the real estate industry still faced different adverse factors together with an unpromising market prospects. Under the impact of the pandemic, the sales progress of the Wuxi Property Project of the Group was relatively slow, while the completion acceptance work thereof was successfully finished in the year with the Group's all-out efforts and the significant support from the partners, enabling this project to enter into a new stage of development.
2. Investment business: In the first half of 2023, the recovery of the global economy was sluggish as a result of the continuous turmoil of geopolitics and the increasing risk of global stagflation. Under a highly volatile financial environment, the Group was committed to exploring the investments with future trends and seeking valuable investment opportunities. During the year, the Group had established a subsidiary for the purpose of exploring the opportunities in the field of the autonomous driving technology and innovation.

In the coming year, the Group will continue to uphold the development philosophy of prudence and practicality, strengthen its internal management, and optimize the asset structure. Amid to the severe global economic situation, the Group will promote its sustainable development with a high sense of responsibility and mission, and pursue better development opportunities.

I would like to thank all the Shareholders and all the employees of the Group for their efforts during the past pandemic period, as well as our partners and friends from all walks of life for their support and cooperation.

By order of the Board

Wu Zhanming

Chairman and Acting Chief Executive Officer

Hong Kong, 28 September 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's principal business is resort and property development, property investment and investment holding during FY2023.

RESORT AND PROPERTY DEVELOPMENT

After the acquisition of Wuxi Shengye in June 2017, the pre-sale of the properties under development commenced in October 2017 and the constructions of the first, second and third phase of the apartment portion were completed in the third quarter of 2019, 2020 and 2022 respectively. The Wuxi Property Project has completed construction as at 30 June 2023. Most of the apartment portion of the first and second phase has been delivered to customers as at 30 June 2021. During FY2023, some apartments of the third phase were delivered to customers and recognised a revenue of HK\$88,186,000 with an overall gross profit margin of 31% after reversing the revaluation consolidated adjustment. As at 30 June 2023, the sale amounts with the contracts signed but properties not yet delivered were approximately HK\$26,229,000. Looking forward to 2024, although there are challenges in the property market and global economy, the sequential rebound in the PRC property sales is anticipated as the property policies continued to ease after COVID-19.

PROPERTY INVESTMENT

The Group commenced sub-division of the property of the whole 24th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong (the "Sub-division Properties") in October 2018 and the sub-division was completed in February 2019. After the completion of sub-division, four units of the Sub-division Properties were sold in 2019.

The Sub-division Properties included three self-use units and fifteen leasing units. The fair value of the Group's investment properties as at 30 June 2023 was HK\$280,900,000 (30 June 2022: HK\$295,100,000). The economy and properties market of Hong Kong are currently in the period of recovery after being hit by the coronavirus variants. The fair value of the Group's investment properties decreased by HK\$14,200,000 for FY2023 (2022: HK\$21,600,000). It is emphasised that the fair value loss was non-cash in nature.

The Group's investment properties contributed rental income of HK\$4,823,000 in total for FY2023 (2022: HK\$4,406,000). Rental income increased because the occupancy rate increased for FY2023.

INVESTMENT HOLDING

The Group's investment strategy for its investment holding business is mainly to diversify its investments in unlisted investment funds, listed equity securities and listed debt instruments. For FY2023, the Group recorded interest and dividend income from financial assets at FVPL of HK\$664,000 (2022: HK\$2,020,000), net loss on disposal of financial assets at FVPL of HK\$889,000 (2022: net gain of HK\$937,000) and a net decrease in fair value of financial assets at FVPL of HK\$29,123,000 (2022: HK\$128,823,000). Details of the significant investments held by the Group for FY2023 are set out as follows:

1. GREEN ASIA RESTRUCTURE SP AND GREEN ASIA RESTRUCTURE SP II

Since 2017, the Group invested in Green Asia Restructure SP and Green Asia Restructure SP II (collectively, the "Green Asia Funds"), both of which are segregated portfolios of Green Asia Restructure Fund SPC ("Green Asia"). The investment objective of Green Asia is capital appreciation by engaging in the business of originating, underwriting, acquiring and trading debt securities and loans in listed and unlisted corporations, which may be publicly traded or privately placed.

MANAGEMENT DISCUSSION AND ANALYSIS

During FY2022, the Group made a partial redemption and received the redemption amount of approximately HK\$5,657,000 in September 2021. On 18 January 2022, the Group further issued redemption notices for an aggregated redemption amount of approximately HK\$30,497,000. Green Asia failed to pay the redemption amount to the Group, and as a result, the Group filed petitions for applications for the appointment of receivers over the assets of the Green Asia Funds with the Grand Court of the Cayman Islands (the "Cayman Court") on 19 May 2022 (Cayman Islands time). At the hearing of the petitions on 6 July 2022, Mr. Lai Kar Yan and Mr. Chan Man Hoi of Deloitte Touche Tohmatsu and Mr. Michael Green of Deloitte & Touche LLP were appointed as joint and several receivers over the assets of the Green Asia Funds (the "Green Asia Funds Receivers") by the order of the Cayman Court. For details, please refer to the announcement of the Company dated 23 May 2022.

Further, as disclosed in the announcement of the Company dated 3 April 2023, the Company has obtained its first dividend of HK\$8,579,000 declared by the Green Asia Funds, the recovery rate is about 28.13% of its claim of HK\$30,497,000 in respect of the admitted unsecured claims for the time being. As at the date of this annual report, the assets realization procedure is in progress. The Company would continue to strive its best efforts to retrieve its investment in the Green Asia Funds.

As at 30 June 2023, the Group held 11,756 and 5,289 shares in Green Asia Restructure SP and Green Asia Restructure SP II, respectively, representing 100% of the equity interests in both Green Asia Restructure SP and Green Asia Restructure SP II. As at 30 June 2023, the fair value of the Group's investment in Green Asia Restructure SP and Green Asia Restructure SP II was HK\$7,767,000 and HK\$7,452,000 respectively. The aggregate fair value of the Group's investments in the Green Asia Funds accounted for approximately 1.17% of the Group's total assets. During FY2023, the fair value of the Group's investment in the Green Asia Funds decreased by HK\$17,958,000. As at 30 June 2023, the investment cost in relation to the Green Asia Funds incurred by the Group was approximately HK\$134,503,000. During FY2023, the Group did not recognise gain or loss from the investment of the Green Asia Funds. After the dividend distributed from the Green Asia Funds Receivers, the receivable balance from the Green Asia Funds was HK\$21,918,000.

2. ZALL SMART COMMERCE GROUP LIMITED ("ZALL SMART")

As at 30 June 2023, the Group held 123,876,000 ordinary shares of Zall Smart, representing approximately 1.0% of the total issued share capital of Zall Smart. The shares of Zall Smart are listed on the Main Board of the Stock Exchange (stock code: 2098). Zall Smart and its subsidiaries are principally engaged in developing and operating large-scale consumer product-focused wholesale shopping malls, and providing supply chain management and trading business, e-commerce services, financial services, warehousing and logistics services for online and offline customers in the PRC. The acquisition cost of Zall Smart's shares held by the Group as at 30 June 2023 was HK\$1.28 per share. As at 30 June 2023, the fair value of the investment in Zall Smart was approximately HK\$45,834,000, which represented approximately 3.53% of the Group's total assets. During FY2023, the Group disposed of 10,478,000 shares of Zall Smart and recognised a loss of disposal of HK\$1,159,000, while the fair value of the Group's investment in Zall Smart decreased by HK\$17,343,000. Apart from that, the Group had not received and recognised any dividend or other investment income from its holding of Zall Smart's shares.

The remaining investments held by the Group mainly included unlisted investment funds, listed equity securities and listed debt instruments, each of which represented less than 5% of the Group's total assets as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE, COST OF SALES AND GROSS PROFIT MARGIN

The revenue of the Group increased by HK\$82,542,000, or approximately 742%, from HK\$11,131,000 for FY2022 to HK\$93,673,000 for FY2023. Most of the revenue generated during FY2023 was derived from resort and property development segment. The properties of Wuxi Shengye were delivered to customers and bringing in revenue. The revenue generated from resort and property development segment for FY2023 was HK\$88,186,000 (2022: HK\$4,705,000) and the gross profit margin was approximately 20% (2022: approximately 17%). There was an increase in revenue because the properties were delivered to customers in bulk for FY2023, while no bulk delivery was arranged for FY2022.

NET (LOSS) GAIN ON DISPOSAL OF FINANCIAL ASSETS AT FVPL

Net loss on disposal of financial assets at FVPL of the Group was HK\$889,000 for FY2023 (2022: net gain of HK\$937,000). There was no material gain or loss from disposal of a single investment for both FY2022 and FY2023.

NET DECREASE IN FAIR VALUE OF FINANCIAL ASSETS AT FVPL

Net decrease in fair value of financial assets at FVPL of the Group decreased by HK\$99,700,000, or approximately 77%, from HK\$128,823,000 for FY2022 to HK\$29,123,000 for FY2023. The net decrease in financial assets at FVPL for FY2023 was the net impact mainly derived from the decrease in the fair value of the investment in the Green Asia Funds in the amount of HK\$17,958,000, the decrease in the fair value of the investment in Zall Smart in the amount of HK\$17,343,000 and the increase in the fair value of the investment of Jinshan Portfolios in the amount of HK\$17,401,000.

As at 30 June 2023, the fair value of the investment in Zall Smart was mainly based on quoted market prices in the active market. The fair value of the investment of Jinshan Portfolios was based on the back-solve method under the market approach evaluated by an independent professional valuer, AVISTA Valuation Advisory Limited ("AVISTA"). The details of Jinshan Portfolios valuation are set out in note 3(b)(i) to the consolidated financial statements of this annual report.

The fair value of the Group's investments in the Green Asia Funds was determined by the Directors with reference to the valuation report (the "Valuation Report") on the investments in the Green Asia Funds issued by an independent professional valuer, APAC Appraisal and Consulting Limited ("APAC"), based on the net asset value of the Green Asia Funds at the end of FY2023.

As the valuation of the Green Asia Funds is dependent on the cash flows from their underlying investments, the discounted cash flow method was adopted in the Valuation Report to derive the present value of cash flows based on the settlement schedule in relation to the underlying investments of the Green Asia Funds and a recoverability assessment on the expected cash flows. APAC is of the view that the discounted cash flow method is appropriate to evaluate the fair value of a fund in the circumstances.

The key assumptions and inputs adopted by APAC in the Valuation Report were:

1. bond yields of CCC grade companies to derive the discount rate is about 19% for the cash flow receivables from the outstanding underlying investments of the Green Asia Funds; and
2. regarding the cash flow receivables whose settlements were not made before the valuation date, the recovery rate was 41.9%, which in turn was determined with reference to Moody's Ultimate Recovery Database – Average debt recovery rates measured by ultimate recoveries, 1987-2022.

MANAGEMENT DISCUSSION AND ANALYSIS

As at the date of this annual report, there are no subsequent changes to the valuation method as referred to above following its adoption.

The Board wishes to emphasize that the fair value loss on the investment in the Green Asia Funds and other financial assets is non-cash in nature. The net proceeds that the Group will be able to receive from its redemption of its investments in the Green Asia Funds will ultimately be determined by the results of the asset realization procedures undertaken by the Green Asia Funds Receivers.

NET DECREASE IN FAIR VALUE OF INVESTMENT PROPERTIES

The Group recognized a net decrease in fair value of investment properties of HK\$14,200,000 in FY2023 (2022: HK\$21,600,000). The fair value of investment properties of the Group was determined with reference to the valuation conducted by an independent professional valuer, AVISTA. The valuer has adopted the direct comparison method for the valuation by comparing recent market evidence of similar properties located in the neighborhood. The fair value of investment properties was affected by the economy and properties market of Hong Kong. The overall trading volume and price of grade-A offices in Hong Kong are still affected by the aftermath of the COVID-19 pandemic. The recovery of the property market is slower than expected.

REVERSAL OF IMPAIRMENT LOSS ON LOANS AND INTEREST RECEIVABLES

The Group recognized a reversal of impairment loss on loans and interest receivables of HK\$8,450,000 for FY2023 (2022: HK\$18,618,000), which was mainly due to the partial repayments received from debtors in the corresponding periods. As disclosed in the announcement of the Company dated 21 November 2022, except for the further repayment of HK\$9,119,000 received by the Group in July 2022, the principal amount of HK\$19,394,000 and the accrued interest of HK\$435,000 was still outstanding. Thus, the Company has presented a winding-up petition against the debtor, and the court order was granted to the Company on 20 September 2023 to winding up the debtor. The Company will continue its endeavour to collect the remaining balance from the debtor.

SELLING EXPENSES

Selling expenses of the Group decreased by HK\$2,317,000, or approximately 47%, from HK\$4,956,000 for FY2022 to HK\$2,639,000 for FY2023. The selling expenses of FY2023 mainly comprised sales service, salary and consulting fees. The decrease in selling expenses was mainly due to the sluggishness of property sales in the PRC in FY2023.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group decreased by HK\$4,579,000, or approximately 15%, from HK\$30,675,000 for FY2022 to HK\$26,096,000 for FY2023. The administrative expenses of FY2023 mainly comprised staff costs and legal and professional fees. The decrease in administrative expenses was mainly due to (i) the decrease in legal and professional fees; and (ii) the one-off compensation provision recognized for FY2022 but no such expense was incurred for FY2023.

FINANCE COSTS

Finance costs of the Group increased by HK\$3,957,000, or approximately 72%, from HK\$5,472,000 for FY2022 to HK\$9,429,000 for FY2023. The increase in finance costs was due to the significant increase in the interest rate during FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS

LOSS FOR THE YEAR

Loss for the year of the Group decreased by HK\$119,211,000, or approximately 73%, from HK\$162,877,000 for FY2022 to HK\$43,666,000 for FY2023. The loss for the year for FY2023 was mainly due to (i) the net decrease in fair value of financial assets at FVPL of HK\$29,123,000; and (ii) the net decrease in fair value of investment properties of HK\$14,200,000. The Board would like to emphasize that such reductions were non-cash in nature.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2023, the Group had current assets of HK\$950,514,000 (2022: HK\$1,070,444,000) and current liabilities of HK\$401,822,000 (2022: HK\$462,761,000), representing a current ratio of approximately 2.4 times (2022: approximately 2.3 times). The Group's total equity and the total bank and other borrowings as at 30 June 2023 amounted to HK\$802,147,000 (2022: HK\$872,987,000) and HK\$210,124,000 (2022: HK\$244,218,000) respectively. All of the bank and other borrowings of the Group are repayable within one year (2022: HK\$42,028,000 were repayable within one year; approximately HK\$202,190,000 were repayable over one year but not exceeding two years). The gearing ratio of the Group as at 30 June 2023, calculated as a ratio of the bank and other borrowings to total equity, was approximately 26% (2022: 28%).

PRINCIPAL RISK AND UNCERTAINTIES

The Group is principally engaged in resort and property development, property investment and investment holding. The financial position, operations, businesses and prospects of the Group and its individual business segment are affected by the following significant risk and uncertainty factors:

BUSINESS RISK

The prospects of the Group's property business depend on the performance of the property market in Hong Kong and the PRC. Also, the fair values of the Group's investment properties and financial results of property development segment directly link to the performance of the property market in Hong Kong and the PRC. Any real estate market downturn in Hong Kong and the PRC may materially and adversely affect the financial position, operations, businesses and prospects of the Group and may lead to fair value loss of the Group's investment properties and net loss from property development segment. The real estate markets in Hong Kong and the PRC are affected by many factors, including but not limited to, changes in the local's economic, political, social and legal environment and changes in the local's fiscal and monetary policy, all of which are beyond the control of the Group. The management policy to mitigate this risk is to diversify the Group's business in terms of asset composition, revenue and profitability.

MARKET RISK

The Group's property investment business is operating in a rather competitive environment as rental rates of properties are transparent in property leasing market in Hong Kong. The transparency of the leasing market puts pressure on the revenue and profitability of the Group's property investment business. The management policy to mitigate this risk is to diversify its property investment portfolio (where possible) in terms of property type and location.

The real estate market in the PRC is highly competitive. The areas that are in competition include quality, design, brand, cost control and environment ancillary facilities. If the competitors of the Group keep on improving their products, the Group will improve its quality and strengthen cost control to catch the market and maintain the sales turnover.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RISK

The Group is exposed to financial risks relating to foreign currency, equity price, credit and liquidity risk in its ordinary course of business. As stated below, the majority of the Group's assets and liabilities were denominated in RMB, HK\$ and US\$, and hence the exposure to foreign exchange risk was insignificant to the Group. The Group is exposed to price risk principally arising from listed equity investments held under financial assets at FVPL. Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group. The Group's credit risk is mainly attributable to loans receivables and cash equivalents. Management considers that credit risk in relation to the cash equivalents is insignificant as they were deposited in credit-worthy banks and securities brokers. The Group has monitored the credit risk from loans receivables on an ongoing basis. Although a credit impairment on loans receivables of HK\$58,989,000 was noted for FY2020, subsequently, partial repayments of HK\$10,000,000 and HK\$10,000,000 have been received in FY2021 and FY2022 respectively, and a further repayment of HK\$25,208,000 was received in July 2022. The Group would continue to take follow-up actions to recover the debts. The Group would maintain a sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion, therefore, the liquidity risk is insignificant.

FOREIGN CURRENCY MANAGEMENT

The majority of the Group's assets and liabilities were denominated in RMB, HK\$ and US\$, and hence the exposure to foreign exchange risk was insignificant to the Group during the year. The Group does not engage in any foreign exchange speculation activities. It is the Group's policy to manage foreign exchange risk through matching foreign exchange income with expenses, and where exposure to foreign exchange is anticipated, an appropriate hedging instrument will be used.

TREASURY POLICIES

As at 30 June 2023, the bank and other borrowings of approximately HK\$202,190,000 (2022:HK\$232,190,000) and HK\$7,934,000 (2022: HK\$12,028,000) were denominated in HK\$ and RMB respectively. The balances of bank and other borrowings of approximately HK\$202,190,000 (2022: HK\$232,190,000) and HK\$7,934,000 (2022: HK\$12,028,000) were at variable interest rates and fixed interest rates respectively. Cash and cash equivalents held by the Group were mainly denominated in HK\$, RMB and US\$. The Group currently does not have interest rate hedging policies as the management of the Group does not expect unforeseeable interest rate risk at the end of FY2023. However, the management of the Group monitors the interest rate exposure from time to time and may consider hedging significant interest rate exposure if needed.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for FY2023 are set out in note 7 to the consolidated financial statements of this annual report.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the section headed "Management Discussion and Analysis – Business Review – Investment Holding" in this annual report, the Group did not have any significant investments, nor material acquisitions or disposals of subsidiaries, associates and joint ventures during FY2023.

There has been no formal plan authorised by the Board for any significant investments, nor material acquisitions or disposals of subsidiaries, associates and joint ventures as at 30 June 2023 and up to the date of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other future plans for material investments or capital assets during FY2023.

COMMITMENTS

Details of the commitments of the Group as at 30 June 2023 are set out in note 29 to the consolidated financial statements of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2023, the Group had provided the following securities for banking facilities granted to the Group:

- (i) pledge of leasehold land and buildings under investment properties and properties, plant and equipment of the Group with carrying amounts of HK\$280,900,000 and HK\$66,630,000 respectively (*30 June 2022: HK\$295,100,000 and HK\$68,498,000 respectively*);
- (ii) assignment agreements in respect of rental income of the Group's investment properties duly executed by the Group in favour of the bank; and
- (iii) assignment agreements in respect of insurance compensation of the Group's investment properties and leasehold land and building duly executed by the Group in favour of the bank.

As at 30 June 2023, the carrying value of the financial assets at FVPL of approximately HK\$27,244,000 (*2022: HK\$21,052,000*) was pledged as collateral to the margin loan facilities granted to the Group with corporate guarantee provided by the Company. No margin loan facilities were utilised as at 30 June 2023 (*30 June 2022: Nil*).

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2023 are set out in note 33 to the consolidated financial statements of this annual report.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2023, the Group employed a total of 32 (*2022: 38*) full-time employees and executive Directors. The Group's total staff costs including Directors' emoluments amounted to HK\$12,434,000 for FY2023 (*2022: HK\$10,776,000*). The remuneration packages for Directors and employees are normally reviewed annually and are structured with reference to market terms and individual competence, performance and experience. The Group also provides medical insurance coverage and operates a provident fund scheme or relevant fund scheme for its employees in Hong Kong and the PRC.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the businesses and operations of the Group. During the financial year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees and customers to meet its immediate, medium and long-term business goals. During the financial year under review, there was no significant dispute between the Group and its employees and customers.

SUBSEQUENT EVENTS

Details of events after reporting period as at 30 June 2023 are set out in note 34 to the consolidated financial statements of this annual report.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wu Zhanming, aged 59, the Chairman, Executive Director, Acting Chief Executive Officer and a director of certain subsidiaries of the Company. Mr. Wu Zhanming joined the Group in August 2019. Mr. Wu Zhanming currently serves as the chairman of the board of directors of Dachao Asset Management (Shanghai) Co., Ltd.* (大朝資產管理(上海)有限公司) and Hong Kong Green Dynasty International Co Limited (香港大朝國際有限公司). Mr. Wu Zhanming is the founder of multiple companies, including Jiangsu Investment Network Development Co., Ltd.* (江蘇投資網發展有限公司), Dachao Asset Management (Shanghai) Co., Ltd.* (大朝資產管理(上海)有限公司) and Hong Kong Green Dynasty International Co Limited (香港大朝國際有限公司). He has extensive experience in investment and has participated in multiple investment projects involving a diverse set of industries, such as innovative technologies, health care, real estate and consumer services.

Mr. Wu Tao, aged 54, an Executive Director and a director of a subsidiary of the Company. He was appointed as a Non-executive Director on 21 August 2019 and re-designated as an Executive Director on 3 May 2022. Mr. Wu Tao currently serves as a partner in Dachao Asset Management (Shanghai) Co., Ltd.* (大朝資產管理(上海)有限公司). Mr. Wu Tao was awarded an executive master's degree in business administration from the School of Management of Fudan University in January 2009. He further obtained a degree of doctor of business administration from the United Business Institutes in Belgium in June 2011. Mr. Wu Tao has 24 years of experience in the financial sector. From January 1999 to December 2004, he worked at Langran Holding Limited Jiangsu Branch* (朗潤控股有限公司江蘇分公司). From January 2005 to April 2009, he served as the vice chief executive officer of Jiangsu Sheng's International Investment Group Limited* (江蘇盛氏國際投資集團有限公司). From May 2009 to February 2015, Mr. Wu Tao worked at Shengqu Information Technology (Shanghai) Co. Limited* (盛趣信息技術(上海)有限公司), an affiliate of Shanghai ShengDa Networking Development Co., Ltd* (上海盛大網絡發展有限公司) and his last position was fund manager.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Tat Chi, Michael (“Mr. Yu”), aged 58, an Independent Non-executive Director. He joined the Group in September 2016. Mr. Yu holds a bachelor of commerce degree from the University of New South Wales, Australia. He is a fellow member of the CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yu is also a founding member of The Hong Kong Independent Non-Executive Director Association. Mr. Yu has many years of experience in accounting, corporate finance and asset management. He had held senior management positions in a number of listed companies in Hong Kong. Mr. Yu is currently an independent non-executive director of Golden Resources Development International Limited (金源發展國際實業有限公司, formerly known as 金源米業國際有限公司 in Chinese, a company listed on the Stock Exchange, stock code: 677), China Netcom Technology Holdings Limited (a company listed on the Stock Exchange, stock code: 8071), Lerado Financial Group Company Limited (a company listed on the Stock Exchange, stock code: 1225), Harbour Digital Asset Capital Limited (formerly known as Unity Investments Holdings Limited, a company listed on the Stock Exchange, stock code: 913) and WT Group Holdings Limited (a company listed on the Stock Exchange, stock code: 8422), respectively. Mr. Yu was an independent non-executive director of EVOC Intelligent Technology Company Limited (a company delisted on the Stock Exchange on 28 October 2022, stock code: 2308) from 30 May 2016 to 21 May 2021.

Mr. Zhu Xinhui (“Mr. Zhu”), aged 54, an Independent Non-executive Director. He joined the Group in May 2022. Mr. Zhu received a Diploma of Economics, majoring in Finance from Nanjing Radio and Television University (南京廣播電視大學) in the PRC in July 1990 and a master’s degree of business administration from Hong Kong Baptist University (香港浸會大學) in November 2007. Mr. Zhu has over 30 years of experience in banking and finance industry. He worked at Agricultural Bank of China Limited, Bank of Nanjing Co., Ltd. and Ping An Bank Co., Ltd. as various positions including a senior management from 1990 to 2010. He served as the vice president at Zijin Trust Co., Ltd.* (紫金信託有限責任公司) from October 2010 to December 2012 and as the general manager at Nanjing Zijin Technology Small Loan Co., Ltd.* (南京市紫金科技小額貸款有限公司) from January 2013 to March 2021. Mr. Zhu was awarded the qualification of intermediate economist (finance) by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in November 2001. Mr. Zhu has served as the chairman of the board of Jiangsu Suhe Financial Technology Co., Ltd.* (江蘇蘇合金融科技有限公司) since March 2019. He has been a council member of Jiangsu Financial Planning Association* (江蘇省理財師協會) since March 2016.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Chan Kin Keung Eugene *SBS, BBS, JP* ("**Dr. Chan**"), aged 59, received a bachelor's degree in dental surgery from The University of Adelaide in Australia in May 1988 and a Fellowship Ad Eundem in General Dental Practice from The Royal College of Surgeons of England in February 2006. He is a registered dentist with The Dental Council of Hong Kong since January 1988. Since July 2007, Dr. Chan has been an honorary clinical associate professor of the Faculty of Medicine of The Chinese University of Hong Kong. Since November 2011, Dr. Chan has also been a visiting professor of Jinan University (暨南大學) in the PRC. Dr. Chan has been a member of the Radio Television Hong Kong Board of Advisors from September 2010 to August 2020 and its chairman from September 2016 to August 2020. Dr. Chan has also been the chairman of the Association of Hong Kong Professionals from 2011 to 2015 and its president since 2015. In May 2013, he was appointed as a member of the Advisory Committee of the School of Chinese Medicine of Hong Kong Baptist University. From January 2013 to December 2018, he was a member to the Independent Commission Against Corruption Citizens Advisory Committee on Community Relations and a member to the Independent Police Complaints Council. From December 2013 to December 2019, he was a member of the Appeal Board on Public Meetings and Processions. Dr. Chan was also a member to the Quality Education Fund Steering Committee from January 2015 to January 2021. In January 2019, Dr. Chan was appointed as a member to the Council of City University of Hong Kong, HKSAR Environmental Campaign Committee and HKSAR Witness Protection Review Board Panel. In April 2020, he was appointed as a member to the Hong Kong Housing Authority Subsidised Housing Committee. In January 2021, he was appointed as a member of the Action Committee Against Narcotics. In January 2021, the Hong Kong Police Force has appointed Dr. Chan as a member of the Junior Police Call Central Advisory Board and a member of Animal Watchers Programme Central Advisory Board. In April 2022, he was appointed as a member to the Fight Crime Committee. In April 2022, he was appointed as a member of Tuen Mun Hospital Governing Committee. In September 2022, he was appointed as a member of the Management Board of the Institute of Human Communicative Research of The Chinese University of Hong Kong. In January 2023, he was appointed by Hong Kong Customs and Excise Department as the executive director of the Executive Committee of "Customs YES". In April 2023, he was appointed as the chairman of the Advisory Committee on Gifted Education. In May 2023, he was appointed as a member of the Chief Executive's Policy Unit Expert Group.

Dr. Chan was selected as an awardee of the Ten Outstanding Young Persons by the Junior Chamber International Hong Kong in 2004, appointed as a non-official Justice of the Peace in July 2011 and awarded the Bronze Bauhinia Star and Silver Bauhinia Star in 2016 and 2021, respectively.

Dr. Chan was an independent non-executive director of PuraPharm Corporation Limited (a company listed on the Stock Exchange, stock code: 1498) from June 2015 to May 2021 and has been an independent non-executive director of Classified Group (Holdings) Limited (a company listed on the Stock Exchange, stock code: 8232) since June 2016.

DIRECTORS' REPORT

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Company for FY2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The Group is principally engaged in (i) resort and property development; (ii) property investment; and (iii) investment holding. Details of the principal activities of the principal subsidiaries are set out in note 31(a) to the consolidated financial statements.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of likely future developments in the Group's business, can be found in the "Chairman's Statement" and "Management Discussion and Analysis" sections set out on pages 3 to 10 of this annual report. Further discussion on the Company's environmental policies and performance, and the discussion on the relationship between the Company and its employees, customers and suppliers are set out under the "Environmental, Social and Governance Report" in this annual report. These discussions form a part of this directors' report.

RESULTS

The results of the Group for FY2023 are set out in the consolidated statement of comprehensive income on page 71 of this annual report.

FINAL DIVIDEND

The Board has resolved not to recommend a final dividend for FY2023 (2022: Nil). The Company is not aware of any arrangements under which any Shareholder has waived or agreed to waive any dividends.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the holders of the securities of the Company by reason of their holding of the Company's securities.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 147 of this annual report. This summary does not form a part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during FY2023 are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during FY2023 are set out in note 14 to the consolidated financial statements. Details of the investment properties of the Group as at 30 June 2023 are set out on page 148 of this annual report.

SHARE CAPITAL

Details of movements in the Company's share capital during FY2023 are set out in note 24 to the consolidated financial statements.

DEBENTURE ISSUED

The Company did not issue any debenture during FY2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2023.

RESERVES

Details of movements in the reserves of the Company and the Group during FY2023 are set out in note 31(b) to the consolidated financial statements and in the consolidated statement of changes in equity on pages 73 to 74 of this annual report, respectively.

DISTRIBUTABLE RESERVES

As at 30 June 2023, the Company had reserves (including capital reserve and accumulated losses) totaling approximately HK\$67,691,000 (2022: HK\$73,390,000) available for distribution to the Shareholders.

BANK LOANS AND OTHER BORROWINGS

Details of movements in the bank loans and other borrowings of the Group during FY2023 are set out in note 23 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

During FY2023, purchases from the Group's five largest suppliers and the largest supplier were 54% and 29% arising from the resort and property development segment respectively. During FY2023, the aggregate revenue attributable to the five largest customers and the largest customer were 8% and 3% of the Group's revenue respectively. The major customers are independent third parties of the Company during FY2023.

To the knowledge of the Directors, none of the Directors, their associates nor any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of total issued Shares) had any beneficial interest in the Group's five largest suppliers or five largest customers during FY2023.

DIRECTORS

The Directors during FY2023 and up to the date of this annual report were:

EXECUTIVE DIRECTORS:

Mr. Wu Zhanming (*Chairman and Acting Chief Executive Officer*)
Mr. Wu Tao

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Yu Tat Chi, Michael ("Mr. Yu")
Mr. Chiu Kit Man, Calvin ("Mr. Chiu") (*resigned on 23 May 2023*)
Mr. Zhu Xinhui ("Mr. Zhu")
Dr. Chan Kin Keung Eugene *SBS, BBS, JP* ("Dr. Chan") (*appointed on 29 June 2023*)

DIRECTORS' REPORT

Mr. Chiu has resigned as an independent non-executive Director with effect from 23 May 2023 as he desires to devote more time to his personal affairs and other business commitments. The Company had received the resignation letter from Mr. Chiu confirming that he had no disagreement with the Board and there was nothing relating to Mr. Chiu's resignation that was related to the affairs of the Company or that needed to be brought to the attention of the Shareholders and the Stock Exchange.

In accordance with Bye-law 86(2) of the Bye-laws, Dr. Chan will hold office until the forthcoming AGM and, being eligible, offer himself for re-election.

In accordance with Bye-law 87(1) of the Bye-Laws, Mr. Yu and Mr. Zhu will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

PERMITTED INDEMNITY PROVISIONS

During FY2023 and up to the date of this annual report, the Company has maintained directors' and officers' liability insurance coverage for the Directors and officers of the Company to provide protection against claims arising from lawful discharge of duties by the Directors and officers.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration for FY2023 are set out in note 11(a) to the consolidated financial statements.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

There is no updated information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during FY2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND IT'S ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered into the register to be kept by the Company pursuant to section 352 of the SFO were as follows:

LONG POSITION IN THE SHARES OF THE COMPANY

Name of Director	Capacity and Nature of interest	Number of issued shares held	Approximate percentage of the issued share capital of the Company
Mr. Wu Zhanming	Beneficial owner	279,935,000	11.17%

DIRECTORS' REPORT

Save as disclosed above, as at 30 June 2023, none of the Directors nor chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered into the register to be kept by the Company pursuant to section 352 of the SFO.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 26 to the consolidated financial statements. The share option scheme of the Company has been expired on 14 November 2022.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme as mentioned above, at no time during FY2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during FY2023.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

To the best knowledge of the Directors, as at 30 June 2023, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

LONG POSITION IN THE SHARES OF THE COMPANY

Name of shareholder	Capacity and Nature of interest	Number of issued shares held	Approximate percentage of the issued share capital of the Company
Ms. Li Fuyi	Beneficial owner	279,930,959	11.17%

Save as disclosed above, as at 30 June 2023, the Directors and chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO, of which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

During FY2023, the Company had no connected transactions or continuing connected transactions which fell to be disclosed in accordance with the provisions for the disclosure of connected transactions under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

The related party transactions are set out in note 30 to the consolidated financial statements and all of them fall under the scope of connected transactions under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" and the related party transactions in note 30 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a Director or his/her connected entity had, directly or indirectly, a material interest, subsisted at the end of the FY2023 or at any time during the FY2023.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market terms. Other employee benefits include provident fund scheme, medical insurance, subsidised training programme as well as discretionary bonuses.

The determination of Directors' remuneration has taken into consideration their respective responsibilities and contributions to the Company and with reference to market terms.

RETIREMENT BENEFIT SCHEMES

With effect from 1 December 2000, the Group has enrolled all its qualifying employees employed in Hong Kong into a mandatory provident fund scheme (the "MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance.

In accordance with rules and regulations in the PRC, the employees of the Group's entities established in the PRC are required to participate in defined contribution retirement plans organised by the local government.

Details of the retirement benefits schemes of the Company are set out in note 32 to the consolidated financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group during FY2023 and up to the date of this annual report.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in note 26 to the consolidated financial statements, no equity-linked agreements were entered into by the Group, or existed during FY2023.

MANAGEMENT CONTRACTS

The Company had not entered into any contract in respect of the management or administration of the whole or any substantial part of the business of the Company during FY2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued Share capital is held by the public as at the date of this annual report.

DONATIONS

Charitable donations made by the Group during FY2023 amounted to HK\$10,000 (2022: HK\$12,000).

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in all material aspects with relevant laws and regulations that have a significant impact on the business and operation of the Group. During FY2023, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for FY2023 and this annual report have been reviewed by the Audit Committee before they are duly approved by the Board under the recommendation of the Audit Committee.

AUDITOR

The consolidated financial statements of the Company for FY2023 have been audited by Mazars CPA Limited. A resolution will be proposed at the forthcoming AGM to re-appoint Mazars CPA Limited as auditor of the Company.

The Company's auditor has not been changed for the past three years.

On behalf of the Board

Wu Zhanming

Chairman, Acting Chief Executive Officer

Hong Kong, 28 September 2023

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of the Shareholders and to enhance the performance of the Group. The Company has adopted the CG Code as its own code of corporate governance.

CORPORATE GOVERNANCE

The Company complied with all the applicable code provisions (the "Code Provision(s)") of the CG Code throughout FY2023, save for Code Provisions B.2.2 and C.2.1. Details of the deviation with reasons are set out in the paragraphs below:

Under Code Provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. During the period from 1 July 2022 to 15 December 2022, the Bye-laws of the Company (the "Old Bye-laws") deviated from this Code Provision.

Under Bye-law 87(1) of the Old Bye-laws, at the AGM, one-third of the Directors for the time being (or where the number is not a multiple of three, the number nearest to, but not greater than one-third), including the independent non-executive Directors, shall retire from office by rotation provided that the Chairman and/or the managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. Notwithstanding the provision of Bye-law 87(1) of the Old Bye-laws, in practice, the Chairman, Mr. Wu Zhanming, voluntarily submits himself for re-election by the Shareholders at the AGM at least once every three years. Accordingly in practice, all Directors (including the independent non-executive Directors) are subject to retirement by rotation at least once every three years. All independent non-executive Directors are appointed for a term of three years, and are subject to retirement by rotation in accordance with the Bye-laws of the Company.

In order to comply with the Code Provision B.2.2 of the CG Code, the Company has amended its Bye-laws, and the amended and restated Bye-laws of the Company were adopted by a special resolution passed at the AGM which was held on 15 December 2022.

Details of the deviation from Code Provision C.2.1 of the CG Code and its reasons are set out in the section headed "Chairman and Chief Executive Officer" on pages 20 and 21 of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Chief Executive Officer of the Company (the "CEO") is responsible for day-to-day management of the business of the Group, whilst the Chairman provides leadership for the Board to ensure that the Board acts diligently and in the best interests of the Group, and that meetings are planned and conducted effectively. The Chairman is also responsible for approving the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors. The Chairman also actively encourages the Directors to make full contributions and actively participate in the Board's affairs. It is also the responsibility of the Chairman to ensure that good corporate governance practices and procedures are established.

CORPORATE GOVERNANCE REPORT

During FY2023, Mr. Wu Zhanming was the Chairman and Acting CEO of the Company. The Board believes that the holding of both positions of Chairman and CEO by the same individual will not impair the balance of power and authority between the Board and the management of the Group because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the Shareholders accordingly.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiries with the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code during FY2023.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company. The Board reviews and approves the business objectives, strategies, direction and policies of the Group, the annual budget, annual and interim results, the management structure of the Company as well as other significant policy and financial matters. The Board has delegated the responsibility of day-to-day operations of the Group to the management of the Company.

DIRECTORS

The Directors during FY2023 and up to the date of this annual report were:

EXECUTIVE DIRECTORS:

Mr. Wu Zhanming (*Chairman and Acting CEO*)

Mr. Wu Tao

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Yu Tat Chi, Michael

Mr. Chiu Kit Man, Calvin (*resigned on 23 May 2023*)

Mr. Zhu Xinhui

Dr. Chan Kin Keung Eugene *SBS, BBS, JP* (*appointed on 29 June 2023*)

During FY2023, upon the resignation of Mr. Chiu Kit Man, Calvin as an independent non-executive Director on 23 May 2023, the Company failed to meet the requirement of having at least three independent non-executive Directors on the Board as required under Rule 3.10(1) of the Listing Rules and at least three members of Audit Committee as required under Rule 3.21 of the Listing Rules. Following the appointment of Dr. Chan Kin Keung Eugene *SBS, BBS, JP* as an independent non-executive Director and a member of the Audit Committee with effect from 29 June 2023, the Company is in compliance with Rules 3.10(1) and 3.21 of the Listing Rules.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the Directors are set out under the section headed "Biographies of Directors and Senior Management" on pages 11 to 13 of this annual report.

Save as disclosed in this annual report, there is no other financial, business, family or other material/relevant relationships among members of the Board.

CORPORATE GOVERNANCE REPORT

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his/her first appointment in order to enable him/her to have an appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continuously updated on developments in the relevant statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules published by the Stock Exchange to the Directors. Continuing briefing and professional development for Directors are arranged where necessary.

During FY2023, all Directors developed their knowledge and skills through (1) conducting focused discussions on issues relating to the business and operations of the Company at meetings; and (2) research, reading and study of relevant regulations and standards in order to strengthen the related skills and knowledge relevant for their respective roles.

BOARD MEETINGS

The Company adopts the practices of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days (or shorter notice period as agreed by the Directors) are given for all regular Board meetings to provide all Directors with an opportunity to attend and discuss matters in the agenda for a regular meeting.

For other Board meetings and Board committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the Board meetings or Board committee meetings to ensure that the Directors have sufficient time to review the relevant papers and are adequately prepared for the Board meetings or Board committee meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the company secretary.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are sent to the Directors for their comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

CORPORATE GOVERNANCE REPORT

During FY2023, a total of 5 Board meetings and 1 general meeting were held and the attendance of each Director is set out as follows:

	Number of attendance	
	Board meetings	General meeting
Executive Directors		
Mr. Wu Zhanming (<i>Chairman and Acting CEO</i>)	5/5	1/1
Mr. Wu Tao	5/5	1/1
Independent Non-executive Directors		
Mr. Yu Tat Chi, Michael	5/5	1/1
Mr. Chiu Kit Man, Calvin (<i>resigned on 23 May 2023</i>)	3/3	1/1
Mr. Zhu Xinhui	5/5	1/1
Dr. Chan Kin Keung Eugene <i>SBS, BBS, JP (appointed on 29 June 2023)</i>	0/0	0/0

INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors are appointed for a fixed term of three years and are subject to retirement by rotation in accordance with the Bye-laws.

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Group's strategies, performance and control, as well as ensure that the interests of all Shareholders are considered. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any Shares.

The Company has adopted the Board independence assessment mechanism (the "Board Independence Assessment Mechanism"). The Board Independence Assessment Mechanism aims to ensure that the Board has strong independent elements, so that the Board can effectively make independent judgments and better protect the interests of the Shareholders.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assessing the independence of the independent non-executive Directors annually with regards to all relevant factors involving the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors.

CORPORATE GOVERNANCE REPORT

In addition, according to the Board Independence Assessment Mechanism, Directors are allowed to seek independent professional advice when performing their duties and are encouraged to independently contact and consult the senior management of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises three members, including two independent non-executive Directors, namely Mr. Zhu Xinhui and Mr. Yu Tat Chi, Michael, and one executive Director, namely Mr. Wu Zhanming. Mr. Zhu Xinhui is the chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration; determining the remuneration packages of individual executive Directors and senior management and making recommendations to the Board on the remuneration of non-executive Directors. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met once during FY2023 to review the remuneration of the Directors. The attendance of each member is set out as follows:

Members	Number of attendance
Mr. Zhu Xinhui (<i>appointed as the chairman of the Remuneration Committee on 23 May 2023</i>)	1/1
Mr. Chiu Kit Man, Calvin (<i>resigned on 23 May 2023</i>)	0/0
Mr. Yu Tat Chi, Michael	1/1
Mr. Wu Zhanming	1/1

DIRECTORS' REMUNERATION POLICY

The Directors' remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), considering other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and with reference to market terms.

The Remuneration Committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and the senior management, and assessing the performance of the Directors) and review the remuneration policy of the Group. It has been decided that the Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and the senior management.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the remuneration of the Directors and the five highest paid individuals for FY2023 are set out in note 11 to the consolidated financial statements. Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed “Biographies of Directors and Senior Management” in this annual report for FY2023 by band is set out below:

Remuneration band	Number of individual
Nil to HK\$1,000,000	2
HK\$1,000,001 to HK\$1,500,000	1

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Nomination Committee comprises three members, including two independent non-executive Directors, namely Mr. Zhu Xinhui and Mr. Yu Tat Chi, Michael and one executive Director, namely Mr. Wu Zhanming. Mr. Wu Zhanming is the chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of Directors, evaluation of Board composition, assessment of the independence of the independent non-executive Directors and the management of Board succession. The full terms of reference are available on the Company’s website and the Stock Exchange’s website.

The Nomination Committee met twice during FY2023 to review the structure, size and composition of the Board; assess the independence of the Independent Non-executive Directors; and review and make recommendations to the Board on the re-election of the Directors. The attendance of each member is set out as follows:

Members	Number of attendance
Mr. Wu Zhanming	2/2
Mr. Chiu Kit Man, Calvin (<i>resigned on 23 May 2023</i>)	1/1
Mr. Yu Tat Chi, Michael	2/2
Mr. Zhu Xinhui (<i>appointed as a member of the Nomination Committee on 23 May 2023</i>)	1/1

BOARD DIVERSITY POLICY

The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor.

The Company continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and enhance the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to skills, regional and industrial experience, background, race, gender and other qualities. In infusing its perspective on diversity, the Company will also take into account facts based on its own business model and specific needs from time to time.

CORPORATE GOVERNANCE REPORT

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- a) at least 1/3 of the members of the Board shall be independent non-executive Directors;
- b) at least one of the members of the Board shall have obtained accounting or relevant financial management professional qualifications; and
- c) at least one of the members of the Board shall be female and targets to be achieved before 31 December 2024.

The Company endeavors to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective.

The members of the Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments of the Directors will best enable the Company to make sure that the Board is able to act in the best interests of the Company and its Shareholders going forward.

The Nomination Committee is primarily responsible for identifying suitably qualified candidates to become members of the Board and in carrying out this responsibility, will give adequate consideration to the Company's diversity policy.

The Company will review this policy on a regular basis to ensure its continued effectiveness. The Nomination Committee and the Board have reviewed the membership, structure and composition of the Board, and are of the opinion that the structure of the Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

WORKFORCE DIVERSITY

The Company is committed to ensuring that gender diversity is achieved in the workforce. As at 30 June 2023, the Group's overall workforce comprises 53% males and 47% females. For the purpose of implementation of the gender diversity for the Group's workforce, the Company will organise more trainings, workshops or seminars on gender equality for employees. ESG Working Group of the Company will regularly report the situation on gender diversity in the Group's workforce to the Board for further enhancement. Based on the Board's review, there was no mitigating factor or circumstance which makes achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Existing gender diversity in the Group's workforce is considered to be well-balanced and the Company anticipates this diverse workforce will be maintained going forward.

DIRECTOR NOMINATION POLICY

The Company has adopted a Director nomination policy, pursuant to which in evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy of the Company that are relevant to the Company's business and corporate strategy.

CORPORATE GOVERNANCE REPORT

- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Company and/or the Board in terms of qualifications, skills, experience, independence, gender and race diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for the nomination of the Directors and succession planning.

As regards selection and appointment of new Director:

- The Nomination Committee and/or the Board should, upon receipt of a proposal on the appointment of a new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- The Nomination Committee should then recommend the Board to appoint the most appropriate candidate for directorship, as applicable.
- For any person that is nominated by a Shareholder for election as a Director at a general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendations to the Shareholders with respect to the proposed election of Directors at a general meeting.

As regards the re-election of the Director at general meeting:

- The Nomination Committee and/or the Board should review the overall contribution and service to the Company of each Director and his/her level of participation and performance on the Board.
- The Nomination Committee and/or the Board should also review and determine whether the Director continues to meet the criteria as set out in the nomination policy above.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at a general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or the explanatory statement that accompanies the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will also monitor and review this policy regularly with reference to the structure, size and composition of the Board to ensure that this policy meets the current regulatory requirements and the business needs of the Company. During FY2023, the Nomination Committee and the Board have reviewed the Director nomination policy and considered it to be effective.

CORPORATE GOVERNANCE REPORT

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its responsibilities on the Company's consolidated financial statements for FY2023 is set out in the "Independent Auditor's Report" on pages 64 to 70 of this annual report.

For FY2023, remuneration payable to the Company's auditor, Mazars CPA Limited, for the provision of audit services was HK\$920,000. During FY2023, HK\$95,000 was paid as remuneration to Mazars CPA Limited for the provision of non-audit related services including professional services for the interim results.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Yu Tat Chi, Michael, Mr. Zhu Xinhui and Dr. Chan Kin Keung Eugene *SBS, BBS, JP*. Mr. Yu Tat Chi, Michael is the chairman of the Audit Committee.

The Audit Committee is mainly responsible for assisting the Board in applying financial reporting and internal control principles and in maintaining an appropriate relationship with the Company's auditor. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Audit Committee met twice during FY2023 and the attendance of each member is set out as follows:

Members	Number of attendance
Mr. Yu Tat Chi, Michael	2/2
Mr. Chiu Kit Man, Calvin (<i>resigned on 23 May 2023</i>)	2/2
Mr. Zhu Xinhui	2/2
Dr. Chan Kin Keung Eugene <i>SBS, BBS, JP</i> (<i>appointed on 29 June 2023</i>)	0/0

The following is a summary of work performed by the Audit Committee during FY2023:

1. reviewed and discussed the audited financial statements of the Group for the year ended 30 June 2022 and recommended to the Board for approval;
2. reviewed and discussed the unaudited financial statements of the Group for the six months ended 31 December 2022 and recommended to the Board for approval;
3. reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit;
4. reviewed the effectiveness of risk management and the internal control systems of the Group and the effectiveness of the Group's internal audit function; and
5. reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive information announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for FY2023.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company has provided all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

1. to develop and review the Group's policies and practices on corporate governance and make recommendations;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual applicable to the employees of the Group and the Directors; and
5. to review the Group's compliance with the CG Code and disclosure requirements in the corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT STRUCTURE

Board of Directors

The Board acknowledges that it is the responsibility of the Board to maintain adequate risk management and internal control systems and to review the effectiveness of such systems on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board oversees the risk management and internal control systems, determines the nature and extent of the risks the Group is willing to accept in achieving the Group's strategic objectives. The Board assesses, evaluates and monitors on an on-going and annual basis the Group's risk management and internal control systems covering all material controls, including financial, operational and compliance controls, to ensure it is appropriate and effective.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee assists the Board in overseeing the Group's risk management and internal control systems (including environmental, social and governance risks) by providing support and advice, including on-going monitoring of the execution of risk management processes, reviewing and approving the internal control review plan and results.

Management

The management is responsible for identifying and monitoring the risks from the daily operations of the Group. The management reports to the Board and the Audit Committee on the risks identified including strategic, operational, financial, reporting and compliance risks and related changes. The management is also responsible for developing appropriate internal control measures to mitigate the risk, identify and resolve material internal control defects.

Independent internal control consultant

Internal audit function is in place within the Group as required under Code Provision D.2.5 of the CG code. During FY2023, to strengthen the risk management and internal control of the Group, the Company has engaged an independent internal control consultant (the "IC consultant") to perform independent appraisal of the adequacy and effectiveness of certain subsidiaries' risk management and internal control systems for FY2023. The IC consultant reports directly to the Audit Committee on all internal audit matters. The Audit Committee is, therefore, able to monitor the internal control deficiencies and remediation of the internal control deficiencies effectively. The auditor is also able to communicate to the Audit Committee directly the internal control issues they noticed during their audit.

RISK MANAGEMENT PROCESS

The Group's risk management process is embedded into its day-to-day operation. Through regular discussion with each operating function, the Group strengthens the understanding of risk management to all employees such that they could report various risks they identified to the management in a timely manner. Management communicates with each operating function to identify, assess, respond and monitor significant risks and their changes.



Significant risk factors are collected from bottom to top, including strategic, operational, financial, reporting and compliance risks. After identifying all relevant risks, management assesses the potential impact and possibilities of the risks and prioritizes the risks, develops appropriate internal control measures to mitigate the risks identified and monitors the changes of risks in an on-going manner.

MAIN FEATURES OF THE COMPANY'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

MAINTAIN AN EFFECTIVE INTERNAL CONTROL SYSTEM AT THE OPERATIONAL LEVEL

- Establish clear internal control policies and procedures, clearly define the responsibilities, authorities and accountabilities of each key positions;
- Establish a code of conduct, explain the Group's requirements on integrity and ethical value to all staffs;
- Establish a whistle-blowing mechanism, encourage employees to report incidents of misconduct or fraud;

CORPORATE GOVERNANCE REPORT

- Establish an appropriate level of information technology access rights, avoid leakage of price sensitive information; and
- Establish insider information handling and disclosure policy, including reporting channel and responsible person of disclosure, unified response to external enquiries and obtain advice from professionals or the Stock Exchange, if necessary.

During FY2023, the Board has reviewed the effectiveness of internal control policies and procedures, including those related to financial reporting and the Listing Rules compliance. The Board has considered the adequacy of resources, staff qualifications and experience, training programs for the staff and budget of the accounting, internal audit and financial reporting functions during the evaluation of the effectiveness of risk management and internal control systems.

On-going risk monitoring at risk management level

The management communicates with each operating function, collects significant risk factors that will affect the Group from bottom to top. The management assesses the related potential impact and possibilities of the risks and develops appropriate internal control measures to mitigate the risks identified, and reports to the Board and the Audit Committee so as to effectively monitor and mitigate the major risks of the Group.

Independent review

The Group has appointed the IC consultant to conduct an internal control review¹ during FY2023, and the review covered the period from 1 July 2022 to 30 June 2023. An internal control review report has been provided to the Audit Committee.

The management has established remediation and improvement plan for internal control weaknesses identified. Nothing has come to the Audit Committee's or the Board's attention to believe that risk management and internal monitor control systems of the Group are inadequate or ineffective.

Such risks mentioned therein would include, amongst others, material risks relating to the environmental, social and governance risks.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The rights of Shareholders and the procedures for demanding a poll on resolutions at the general meeting are contained in the Bye-laws. The Bye-laws have been made available on the website of the Stock Exchange and the Company's website. The Company has taken various steps to ensure compliance with the requirements about voting by poll and arrangements have been made for the voting of each of the resolutions being put to the meetings to be dealt with by means of poll pursuant to the Listing Rules.

¹ The internal control review performed by the IC consultant does not constitute an assurance engagement made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

Pursuant to Bye-law 58 of the Bye-laws, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the Shareholders concerned in one or more documents in like form and deposited at the Company's head office and principal place of business in Hong Kong.

Pursuant to Section 79 of the Companies Act of Bermuda, Shareholders representing not less than one-twentieth of the total voting rights or not less than 100 Shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at a general meeting of the Company. A written request signed by the requisitionists containing a description of the proposed resolution to be put forward at the meeting, together with a sum reasonably sufficient to meet the expenses in giving effect thereto, must be deposited at the registered office of the Company not less than six weeks before the meeting.

The AGMs provide an opportunity for Shareholders to communicate directly with the Directors. At the AGMs, the Chairman and the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee are responsible for answering questions raised by the Shareholders. The auditor of the Company will also attend the AGMs to answer questions raised by the Shareholders on the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

In order to provide detailed and up-to-date information of the Company to the Shareholders, the Company has a wide range of communication channels to ensure its Shareholders are kept well-informed. These comprise communication by way of general meetings, annual reports, multiples notices, announcements and circulars. Investors are welcome to make enquiries to the Company at its office in Hong Kong or visit the Company's website (www.applieddev.com) directly for updated corporate and financial information on the Group.

During FY2023, the Company has reviewed the implementation and its effectiveness of the Shareholders' communication policy. The Board is of the view that the Shareholders' communication policy of the Company has facilitated sufficient Shareholders' communication and considered this policy is effective and adequate.

DIVIDEND POLICY

The Company has formulated and adopted a dividend policy which aims to set out guidelines in declaring and recommending dividends to the Shareholders.

The Board has the discretion to declare and distribute dividends to the Shareholders subject to the requirements of the Bye-laws, any applicable laws, rules and regulations and the consideration factors set out below.

The Board shall consider the following factors of the Group before declaring or recommending dividends:

- a) the Company's actual and expected financial performance;
- b) the Group's liquidity position;
- c) retained earnings and distributable reserves of the Company and each of the members of the Group;
- d) the level of the Group's debts to equity ratio, return on equity and the relevant financial ratios;
- e) any restrictions on payment of dividends that may be imposed by the Group's lenders;

CORPORATE GOVERNANCE REPORT

- f) the Group's expected working capital requirements and future expansion plans;
- g) general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- h) any other factors that the Board deem appropriate.

The Company does not have any pre-determined dividend payout ratio. For the avoidance of doubt, this dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

The Board will review this policy as appropriate from time to time. During DY2023, the Board have reviewed the Company's dividend policy and considered it to be effective.

COMPANY SECRETARY

During FY2023, Ms. Luk Shan has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CHANGE IN CONSTITUTIONAL DOCUMENTS

In order to comply with the amendments to Chapter 13 and Appendix 3 of the Listing Rules in relation to the enhanced listing regime for overseas issuers, the Board has approved to amend the Bye-laws (the "Proposed Amendments") and proposed to submit the Proposed Amendments to the Shareholders for approval in the AGM which was held on 15 December 2022.

The amended and restated Bye-laws were adopted by a special resolution passed at an AGM held on 15 December 2022 and with effect from the same date, the latest version of which are available from the websites of the Company and the Stock Exchange.

Save as disclosed above, during FY2023, there was no change in constitutional documents of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

REPORTING SCOPE AND REPORTING PERIOD

This is the Group's 7th Environmental, Social and Governance ("ESG") Report (the "ESG Report") disclosing the ESG performance of the Group during the period from 1 July 2022 to 30 June 2023 (the "Reporting Period"). The ESG Report highlights our commitment and approach to creating value for the environment, our employees, our customers, and the community. Unless otherwise stated, the ESG Report focuses on the sustainability performance of our head office and property investment business in Hong Kong as well as our Wuxi Property Project in the PRC which contributed to the Group's major sources of revenue during the Reporting Period.

The reporting boundary is determined by the materiality of each entity to our business and operations, as well as the ESG impacts.

REPORTING STANDARDS

The ESG Report has been prepared in accordance with the "mandatory disclosure requirements" and "comply or explain" provisions of the latest Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 to the Listing Rules issued by the HKEx.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

The ESG Report has been prepared based on the following reporting principles.

Materiality

We conduct materiality assessments regularly to identify ESG topics that are material to the Group and our stakeholders. ESG topics that are important to investors and other stakeholders are reported. Please refer to “Materiality Assessment” on pages 40 to 41 for more information.

Quantitative

The Group discloses measurable environmental and social key performance indicators (“KPIs”) in the ESG Report. Quantitative ESG targets are set to enhance our sustainability performance. Explanation to quantitative information is provided, and comparative data are given where appropriate. Please refer to “Performance Data Summary” from pages 53 to 55 for more information.

Balance

The ESG Report covers both challenges and achievements of the Group to provide an unbiased picture of our overall performance. Selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader is avoided.

Consistency

Reporting standards and principles are substantially consistent with those of the prior year to allow for meaningful comparisons of ESG data over time. Should there be any changes, footnotes and explanation will be given to facilitate information interpretation.

FEEDBACK

Every stakeholder’s feedback matters to the Group’s business and sustainable development. Should you have any opinions and comments on the ESG Report or our sustainable development strategy, please share your thoughts at info@applieddev.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT US

The Company is headquartered in Hong Kong, and has been listed on the Main Board of the HKEx since 1986. Our core business consists of (i) resort and property development, (ii) property investment and (iii) investment holding. Our vision and mission are as follows:

Our Vision	The Group believes in the vision of “ Artists Create Beautiful Things, We Create Value ” and devotes continuous efforts in creating value for various stakeholders.
Our Mission	<ul style="list-style-type: none">• To be passionate about our customers, partners, and business development• To bring sustainable growth to our shareholders• To achieve excellence in every project we undertake• To stand accountable to customers, shareholders, partners, and employees for commitment to quality• To encourage teamwork, and to be committed in the best interests of the Group

OUR APPROACH TO SUSTAINABILITY

Sustainable development serves as the cornerstone of the Group’s enduring commitment to creating value for our stakeholders. The principle of sustainability is integrated into our decision-making and daily operations to ensure that we maximise value creation. Beyond our internal efforts, we highly value feedback from diverse stakeholder groups and maintain open channels of communication to foster mutual understanding.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABILITY GOVERNANCE AND BOARD'S OVERSIGHT

To integrate sustainability into our decision-making process, we have established a robust ESG governance structure. The Board has the overall responsibility for the Group's ESG strategy and reporting. The Board provides oversight of ESG issues with an emphasis on the Group's long-term development and positioning. Delegated by the Board, our ESG Working Group (the "ESG Working Group") is responsible for assisting the Board in planning and implementing the Group's ESG-related matters, and reporting to the Board. Led by the company secretary, the ESG Working Group consists of senior representatives from across the Group's business units. The ESG Working Group oversees and advises the Board on ESG matters on a regular basis.

The Board	<ul style="list-style-type: none">• To oversee the Group's long-term ESG strategy and management approach.• To oversee the evaluation, prioritisation and management of material ESG-related issues and risks (including climate-related risk and environmental and social risks along the supply chain).• To review the progress made against ESG-related goals and targets.• To appoint members of the ESG Working Group.
ESG Working Group	<ul style="list-style-type: none">• To develop and review the sustainability vision, strategies, priorities, goals, and targets of the Group.• To identify, evaluate, prioritise and manage material ESG-related risks and opportunities, including climate risks and environmental and social risks along the supply chain.• To review and monitor the implementation of ESG-related policies and practices and ensure compliance with laws and regulations.• To monitor and report the Group's ESG performance and progress against goals and targets, and review their relevance to the Group's businesses.• To review and monitor the Group's stakeholder engagement channels to ensure effective communication with key stakeholders.• To prepare an annual ESG report for the Board's approval.

ESG Management Approach and Strategy

To incorporate sustainability into every aspect of our business and operations, we have established the ESG Framework, which consists of our priority areas with relevant goals and our environmental targets. The Board has approved the ESG Framework.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our ESG Framework

				<p>Target Using FY2020 as the baseline year, we target to achieve:</p> <ul style="list-style-type: none">  • 20% Reduction in greenhouse gas ("GHG") emissions (Scopes 1 and 2)  • 20% Reduction in energy use  • 20% Reduction in water use  • 20% Reduction in our waste generation <p>by the financial year ending 30 June 2025 ("FY2025").</p>
<p>Creating Value for the Community</p>	<p>Creating Value for Our Customers</p>	<p>Creating Value for Our Employees</p>	<p>Creating Value for the Environment</p>	
<p>Goal</p>	<p>Goal</p>	<p>Goal</p>	<p>Goal</p>	
<p>We deliver positive impacts and build bonds with all around us.</p>	<p>We are committed to providing products and services with excellent quality.</p>	<p>We provide nurturing and fulfilling working environments to our employees.</p>	<p>We pursue a sustainable operation pattern by reducing our ecological footprints.</p>	

ESG Risk Identification and Mitigation

The ESG Working Group is responsible for identifying, evaluating, prioritising, and managing ESG-related risks. Periodically, the ESG Working Group submits an ESG risk assessment report to the Board, highlighting the likelihood and significance of potential risks to the Group, including climate-related risks and supply chain environmental and social risks. The Board maintains ultimate responsibility for overseeing the Group's assessment and mitigation of ESG-related risks. To mitigate significant ESG risks, we have established ESG-related controls measures, and these control measures are efficiently implemented at the appropriate business levels. For further details of our risk management approach and practices, please refer to "Corporate Governance Report" in this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER GROUPS AND ENGAGEMENT CHANNELS

We maintain an active and continuous dialogue with our stakeholders to gather their perspectives, opinions, and expectations. Our stakeholders are engaged through various channels, aiding us in improving our business operations and sustainability strategy. Our regular communication channels, along with key concerns of stakeholders and our corresponding responses, are summarised below:

Stakeholder Groups	Engagement Channels	Frequency	Key Concerns	Our Responses
Employees	<ul style="list-style-type: none"> - Online questionnaire - Meetings - Interviews - Staff mailbox - Trainings - Intranet 	<ul style="list-style-type: none"> - Annually (performance appraisal) - On-going (day-to-day communication) 	<ul style="list-style-type: none"> - Sound welfare - Training and development - Workplace health and safety 	<ul style="list-style-type: none"> - Provide competitive remuneration package - Provide on-going training
Customers	<ul style="list-style-type: none"> - Social media (e.g., WeChat) - Daily operation - E-mails - Customer services - Customer satisfaction survey 	<ul style="list-style-type: none"> - Periodically 	<ul style="list-style-type: none"> - Design and quality - Customer service - Health and safety 	<ul style="list-style-type: none"> - Ensure product and service quality
Government Authorities	<ul style="list-style-type: none"> - Online questionnaire - Interviews - Visits - Site visits - Consultations 	<ul style="list-style-type: none"> - Periodically 	<ul style="list-style-type: none"> - Compliance with regulatory requirements 	<ul style="list-style-type: none"> - Maintain compliance with laws and regulations
Shareholders and Investors	<ul style="list-style-type: none"> - Online questionnaire - General meetings - Telephone - Company website - Announcements - Financial reports 	<ul style="list-style-type: none"> - Annually (general meeting) - When necessary (for other meetings) 	<ul style="list-style-type: none"> - Financial performance - Corporate governance - Risk management - Compliance with regulatory requirements 	<ul style="list-style-type: none"> - Maintain sound corporate governance - Factual and sufficient disclosure
Business Partners	<ul style="list-style-type: none"> - Online questionnaire - Cooperation meetings - Visits - Site visits 	<ul style="list-style-type: none"> - Periodically 	<ul style="list-style-type: none"> - Design and quality - Compliance with regulatory requirements 	<ul style="list-style-type: none"> - Abide by the contract - Stay open and transparent
Non-Governmental Organisations/ Environmental Department	<ul style="list-style-type: none"> - Online questionnaire - Interviews - Visits - Site visits 	<ul style="list-style-type: none"> - Periodically 	<ul style="list-style-type: none"> - Social inclusion - Environmental protection 	<ul style="list-style-type: none"> - Promote environmental protection - Factual and sufficient disclosure
Suppliers	<ul style="list-style-type: none"> - Online questionnaire - Interviews - Site visits 	<ul style="list-style-type: none"> - Periodically 	<ul style="list-style-type: none"> - Fair operating practices - Fair competition 	<ul style="list-style-type: none"> - Abide by the contract - Stay open and transparent
Media and the Public	<ul style="list-style-type: none"> - Social media (e.g., WeChat) - Site visits - Interviews 	<ul style="list-style-type: none"> - Periodically 	<ul style="list-style-type: none"> - Business ethics - Financial performance 	<ul style="list-style-type: none"> - Factual and sufficient disclosure - Invest into the local community

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

With the assistance of an independent sustainability consultant, we carried out a materiality assessment to identify ESG topics that have a material impact on the Group and its stakeholders. The identified topics were then ranked by different groups of stakeholders according to their perceived importance. Additionally, we also collect stakeholders' feedback on the Group's sustainability performance. Our approach to this assessment is as follows:

1. Identification

A total of 26 sustainability issues relevant to our business operations and development was identified based on industry research and communication results with our stakeholders.

2. Prioritisation

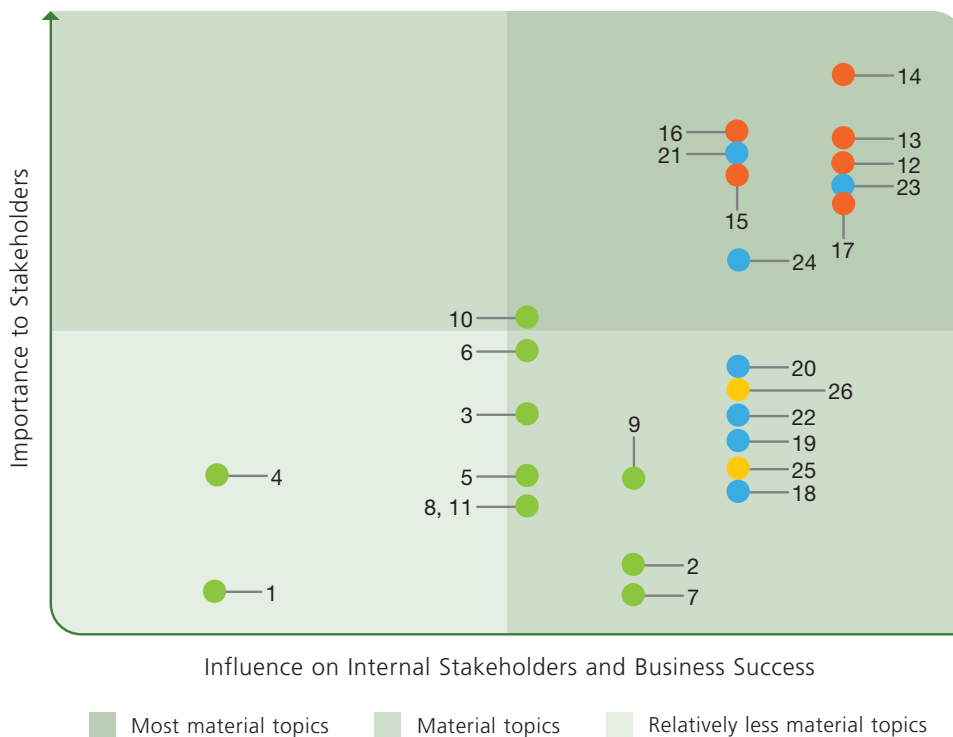
Different stakeholder groups were invited to prioritise the ESG topics identified based on their perceptions of the importance of the topics to the stakeholders and the Group. The results were analysed and presented in the form of a materiality matrix, measuring the degree of importance to stakeholders and the Group's business.

3. Validation

Facilitated by the ESG Working Group, the prioritised topics were reviewed by the Board. Topics with the highest importance (most material topics) will be disclosed in detail in the ESG Report to ensure the reasonableness, balance, and completeness of the ESG Report. By gathering stakeholder feedback, we ensure that their concerns are considered in the Group's overall strategy.

During the Reporting Period, a total of 26 relevant ESG topics were identified. The findings were then summarised and analysed in the form of a materiality matrix based on two parameters: the importance to stakeholders and the importance to the Group. The 10 topics located in the top right corner of the materiality matrix are the most material topics, and our related performance and initiatives will be disclosed in detail in the ESG Report.

MATERIALITY MATRIX



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Creating Value for the Environment	Creating Value for Our Employees	Creating Value for Our Customers	Creating Value for the Community
1. Air Emissions Management	12. Employee Benefits	18. Social Risks of Supply Chain	25. Social Investment
2. Non-Hazardous Waste Treatment	13. Equal Opportunities, Diversity and Anti-discrimination	19. Customer Health and Safety	26. Community engagement
3. Hazardous Waste Treatment	14. Occupational Health and Safety	20. Customer Service	
4. Wastewater Management	15. Training and Development	21. Service Quality	
5. GHG Emissions and Energy Conservation	16. Labour Relations and Communication	22. Marketing and Advertising	
6. Water Resources	17. Employment Compliance	23. Anti-corruption	
7. Climate Risks		24. Data Protection and Cybersecurity	
8. Impact on Surrounding Environment			
9. Sustainable property			
10. Green Procurement			
11. Environmental Risks of Supply Chain			


List of Most Material Topics

Most Material Topics	Relevant Chapters/Sections
● 14. Occupational Health and Safety	Occupational Health and Safety
● 13. Equal Opportunities, Diversity and Anti-discrimination	Talent Attraction and Retention
● 12. Employee Benefits	Talent Attraction and Retention
● 17. Employment Compliance	Human Rights Protection
● 23. Anti-corruption	Anti-corruption
● 16. Labour Relations and Communication	Talent Attraction and Retention
● 15. Training and Development	Professional Training and Development
● 21. Service Quality	Delivering Quality Services for our Customers
● 24. Data Protection and Cybersecurity	Customer Data Protection
● 10. Green Procurement	Green Procurement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL TARGETS FOR FY2025

Recognising the significance of a well-structured approach to sustainability governance, the Group understands the need for clearly defined goals, targets, and KPIs. With this in mind, we have developed a set of environmental targets to be achieved by FY2025. Using FY2020 as the baseline year, our objective is to reduce GHG emissions, waste generation, energy use and water consumption. Our environmental targets have been approved by the Board, and we will continuously monitor and report our progress towards these targets.

Metric	Target	FY2020 Baseline Year Performance	FY2023 Performance	Progress
 GHG	Reduce GHG emissions (Scopes 1 and 2) by 20% on or before FY2025	468.38 tCO ₂ e	261.80 tCO ₂ e	 Achieved ↓ 44%
 Waste	Reduce waste generation by 20% on or before FY2025	70.05 Tonnes	44.24 Tonnes	 Achieved ↓ 37%
 Energy	Reduce energy consumption by 20% on or before FY2025	694.73 MWh	428.17 MWh	 Achieved ↓ 38%
 Water	Reduce water use by 20% on or before FY2025	1,080 m ³	180.00 m ³	 Achieved ↓ 83%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CREATING VALUE FOR OUR CUSTOMERS

GOAL:

We are committed to providing products and services with excellent quality.

MOST MATERIAL TOPICS COVERED IN THIS CHAPTER:

- Anti-corruption
- Service Quality
- Data Protection and Cybersecurity

Our dedication lies in designing, constructing and creating quality developments to meet our customers' needs. The Group believes that integrating sustainable practices into our projects is the key to delivering long-term value to our esteemed customers. To ensure customer satisfaction, we comply with all applicable laws and regulations relating to product responsibility and anti-corruption¹. During the Reporting Period, we were not aware of any material non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to our products and services provided, as well as bribery, extortion, fraud and money laundering.

DELIVERING QUALITY SERVICES FOR OUR CUSTOMERS

The Group places a high priority on delivering high-quality products and services to our customers. To consistently maintain our standards, a comprehensive set of policies has been implemented to monitor every stage of the Wuxi Property Project, from early planning and design to construction, acceptance, handover, and after-sale support. In the rare event that any phase fails to meet the internal and legal standards, the responsible personnel are required to rectify the situation before progressing. The local Department of Development and Reform has provided approval for this development project, ensuring its compliance with regulatory standards.

In our leasing operations in Hong Kong, our foremost objective is to offer our tenants with a secure and quality workspace. Prior to the office handover, a thorough site inspection is jointly conducted with the tenants to promptly identify and resolve any issues they might raise about the workplace.

CUSTOMER SATISFACTION

The Group's business development and success depend greatly on customer feedback. As such, we cherish every piece of feedback we receive from our customers and gather their insights through diverse communication channels. Relevant departments promptly address complaints within a reasonable timeframe to ensure overall satisfaction. During the Reporting Period, we received a total of 18 complaints (FY2022: 42) regarding the property handover process, all of which were effectively handled by the relevant departments, following our established internal procedures.

CUSTOMER DATA PROTECTION

Maintaining the security of customer data has consistently remained a core focus for us, given our involvement in various transactions with both tenants and customers. In our efforts to safeguard customer data, we collect only the essential information necessary for our business activities from customers. Unauthorised data disclosure is strictly forbidden, and individuals found in violation may be subject to internal penalties. During the Reporting Period, the Group was not aware of any material substantiated incidents involving the leakage of customer data.

¹ For laws and regulations relating to product responsibility and anti-corruption, please refer to the section headed "Significant Laws and Regulations".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUPPLY CHAIN MANAGEMENT

The Group recognises the significance of advancing sustainability within our supply chain, by encouraging our supply chain partners to adopt sustainable principles.

The Group identifies environmental and social risks along the supply chain through our risk assessment framework. To mitigate and manage these supply chain environmental and social risks, we have incorporated environmental and social considerations into our supplier selection process. In addition to the traditional selection criteria, we have introduced criteria related to energy efficiency and environmental protection when evaluating potential suppliers. We continually assess and monitor through regular reviews to ensure ongoing alignment with our requirements. In the event that any issues are identified, we promptly initiate corrective measures and proceed with a comprehensive assessment to ensure timely resolution.

As of 30 June 2023, we have a total of 97 suppliers (FY2022: 98), and we implemented our supplier engagement practices to all of our suppliers during the Reporting Period.

ANTI-CORRUPTION

The Group has zero tolerance for corruption, bribery, fraud, money laundering and other unethical practices. We ensure strict compliance with all applicable laws and regulations² relating to anti-corruption. All employees are obligated to sign an integrity pledge and adhere to our anti-corruption code of conduct and relevant policies. With the whistle-blowing mechanism in place, employees are strongly encouraged to report suspected corruption cases to the Group's management, either verbally or through mail. Subsequent investigations will be conducted in a fair manner, and corrective and follow-up actions will be taken promptly. The Board has an overall responsibility for the mechanism, whereas the Audit Committee is responsible for overseeing and implementing the mechanism.

Apart from providing training on ethical standards for new joiners, we also organise training sessions on anti-corruption for our staff. During the Reporting Period, we conducted anti-corruption training for both directors and employees to strengthen their awareness and understanding of anti-corruption practices.

We have also made continuous efforts to uphold our business integrity across the supply chain. Our major partners are required to sign an Anti-Corruption Agreement to prohibit any illegal behaviors, including bribery, extortion, fraud, and money laundering. Thorough investigations will be conducted, and corrective action will be taken to protect the Group and its stakeholders if any improper activity was discovered.

There were no concluded legal cases regarding corrupt practices brought against the Group or our employees during the Reporting Period.

ADVERTISING AND MARKETING

To ensure compliance and protect the reputation of the Group, we ensure that our advertising and marketing materials do not contain any false, misleading or unlawful information. All of our advertising and marketing materials are reviewed and verified by responsible staff to ensure the accuracy and transparency of information before publication.

² For laws and regulations relating to anti-corruption, please refer to the section headed "Significant Laws and Regulations".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CREATING VALUE FOR THE ENVIRONMENT

GOAL:

We pursue a sustainable operation pattern by reducing our ecological footprints.

MOST MATERIAL TOPICS COVERED IN THIS CHAPTER:

- Green Procurement

HIGHLIGHTS



GHG Emission

Our **total Scope 1&2 GHG emissions³** in FY2023 was **44%** below our FY2020 baseline



Energy Use

Our **total electricity consumption³** in FY2023 was **38%** below our FY2020 baseline



Water Consumption

Our **total water consumption** in FY2023 was **83%** below our FY2020 baseline



Waste Generation

Our **total waste generation consumption** in FY2023 was **37%** below our FY2020 baseline

We aim to minimise the environmental impacts of our operations and promote environmental sustainability to our stakeholders and the community. In this regard, we ensure strict compliance with relevant environmental laws and regulations⁴. In our commitment to safeguarding the environment and natural resources, we consistently monitor our environmental performance at our Wuxi Property Project and ensure compliance with regulatory standards. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

³ Please refer to "Performance Data Summary – Environmental" for more details.

⁴ For environmental laws and regulations, please refer to the section headed "Significant Laws and Regulations".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

RESPONSE TO CLIMATE CHANGE

The Group recognises the potential impacts of climate change on our business. We aim to strengthen our capacity to efficiently manage climate-related risks, including both physical and transitional risks. In this regard, we have established our environmental targets for FY2025 and continuously evaluate our exposure to climate-related risks.

With reference to the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), the Group has assessed both the direct and indirect impacts of climate change on our business operations. The climate-related risks we face and our mitigation measures in response to the climate-related risks are outlined in the table below.

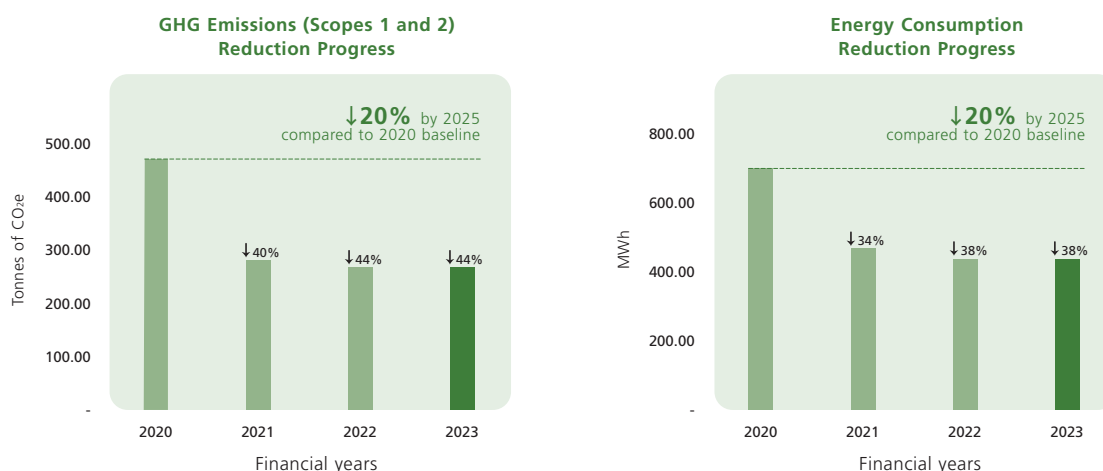
Physical Risk	Impact on the Group	Mitigation Measures
Increase in Extreme Weather Events	<ul style="list-style-type: none"> – Employee safety issues arising from extreme weather – Potential property damage due to extreme weather events affecting invested properties 	<ul style="list-style-type: none"> – Undertake precautionary measures for employees during strong typhoons and rainfalls, such as allowing them to work remotely from their homes – The impact of extreme weather like flooding and typhoon have been taken into consideration in the safety design of the Wuxi Property Project – Materials with high resistance against wind, water and heat are selected to provide better resilience again extreme weather – Monitor weather forecasts for safety measures in advance – Advise Wuxi employees to coordinate with property management companies to address any potential damage from extreme weather
Transition Risk	Impact on the Group	Mitigation Measures
Tightened Climate-related Policy	<ul style="list-style-type: none"> – Failure to meet the latest emission requirement may be subject to legal liability 	<ul style="list-style-type: none"> – Monitor the regulatory trends to ensure the Group’s emissions meet the latest legal requirement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GHG REDUCTION AND ENERGY CONSERVATION

Our main source of GHG emissions is the purchased electricity consumed by our offices and construction developments. As our business operations did not involve fuel consumption during the Reporting Period, there were no significant air emissions and scope 1 emission during the Reporting Period.

In order to minimise our environmental footprint, we actively promote energy-saving to our employees. Our staff are encouraged to turn off unnecessary electronic equipment when leaving the office and to maintain a room temperature of no lower than 25°C. Furthermore, the use of video conferencing is recommended as an alternative to business travel to reduce our carbon footprint.



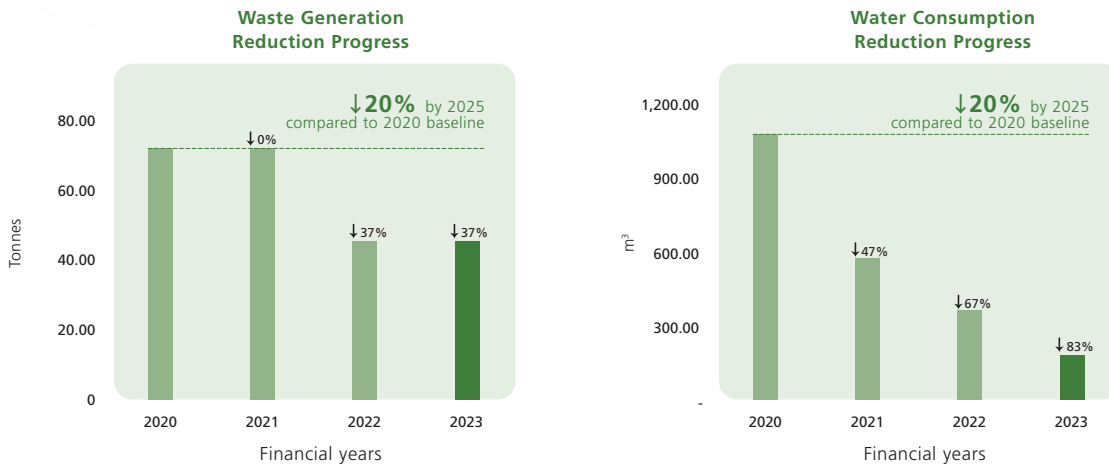
WASTE MANAGEMENT

The Group's waste generation includes construction waste generated from construction projects and the general office waste. While waste discharge is relatively insignificant in our operation, we properly manage all wastes and, where necessary, engage qualified third party for disposal. To meet the waste reduction target established for FY2025, we will continue to make further efforts to reduce the waste produced by our business operations. To reduce paper consumption, the majority of our corporate communications are currently distributed in electronic format. As part of our journey toward a paperless office environment, our employees are actively encouraged to adopt double-sided printing practices and, whenever feasible, recycle scrap paper.

CONSERVING WATER RESOURCES

The Group's water consumption mainly comes from project development and office operations in Wuxi. In pursuit of a 20% reduction in water consumption by FY2025, we consistently reinforce the importance of water conservation to all our employees. As our local water supply is directly provided by water supply companies, the Group did not encounter any problems in sourcing water that was fit for purpose during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



SUSTAINABLE PROPERTIES

Green buildings are becoming increasingly popular in the Chinese property market due to their better resilience against climate risks and lower electricity costs. We have adopted sustainable designs in our Wuxi Property Project, including but not limited to the following:

Sustainable Design Features for Wuxi Property Project

Installation of renewable energy system	Solar power and heating systems were installed on the rooftop of our Wuxi Property Project to provide the building with a minimum of 0.2% of the actual electricity consumption and a minimum of 30% of the actual hot water consumption, respectively.
Reuse of rainwater	A rainwater harvesting system with a capacity of 150 tons of rainwater was implemented in the Wuxi Property Project to collect rainwater for reuse in cleaning and irrigation purposes.
Smart building technology	Smart building sensors and management systems were installed in the Wuxi Property Project to monitor and control building energy consumption. Examples include sound-activated lighting systems in staircases and electricity usage monitoring system.
Indoor air quality	Mechanical ventilation systems in car parks, equipment rooms, and boiler rooms were tested to ensure sufficient flow rates are provided to meet the standards for good indoor air quality.

GREEN PROCUREMENT

To better manage our environmental risk along supply chain, we place a strong emphasis on responsible and green procurement. When selecting suppliers, we promote environmentally preferable products and services by making our best effort to prioritize the procurement of environmentally friendly raw materials, and engaging with local suppliers to reduce transportation-related emissions whenever possible.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CREATING VALUE FOR OUR EMPLOYEES

GOAL:

We provide nurturing and fulfilling working environments to our employees.

MOST MATERIAL TOPICS COVERED IN THIS CHAPTER:

- Occupational Health and Safety
- Equal Opportunities, Diversity and Anti-discrimination
- Employee Benefits
- Employment Compliance
- Labour Relations and Communication
- Training and Development

HIGHLIGHTS

Workforce

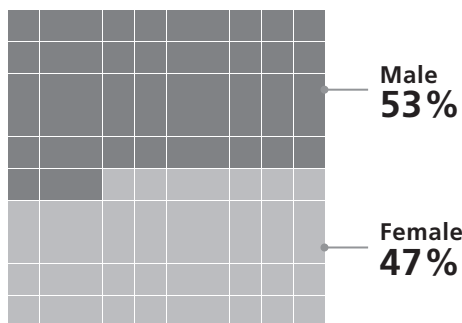
We have a total of **32 employees** in FY2023.

Employee Training

Our average training hours in FY2023 was **3.53 hours** per employee.

Employee Diversity

Percentage of staff by gender in FY2023:



Our percentage of employees trained in FY2023 was **94%**.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We are committed to providing our employees with a nurturing and encouraging work environment. We aim to help our employees in employees' growth and professional development and build an effective and productive team. We abide by all applicable laws and regulations⁵ relating to employment. During the Reporting Period, we were not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

TALENT ATTRACTION AND RETENTION

The Group values talent attraction and retention, as our employees are important to our continuous growth and development. The Group adopts multiple recruitment channels, including internal referrals, job advertisements, and more. We ensure equal opportunity for candidates of all backgrounds in our recruitment process. Our selection is solely based on merit, regardless of gender, age, marital status, family status, pregnancy, disability, race, or religion. Our policies explicitly prohibit all forms of harassment and discrimination within the work environment. We encourage employees to voice concerns about potential misconduct directly to the chairman of the Audit Committee.

We provide our employees with compensation and benefit packages to maintain our precious human capital. Our employees are entitled to compensation and non-statutory holidays for occasions such as festivals, birthdays, and meals. Furthermore, we prioritise the well-being of our employees and provide comprehensive welfare packages, including parental leave, health checks, and hospital benefits as well as a variety of allowances. Employees are also eligible for overtime pay or compensated leave. To ensure competitive compensation, our packages are regularly benchmarked against industry standards.

To recognise outstanding performance of our employees, we conduct formal performance appraisals periodically, with the results reflected in the annual compensation adjustments and promotion reviews.

HUMAN RIGHTS PROTECTION

As a responsible employer, we ensure that human rights of our employees and workers are protected. We adopt a "zero-tolerance" approach towards all forms of forced labour and child labour, and strictly abide by all applicable laws and regulations⁶ relating to labour standards. During our recruitment process, the human resources department conducts a thorough examination of the personal documents submitted by candidates to confirm their eligibility in accordance with our internal policies. If any discrepancies or indications of child or forced labour are identified, immediate action will be taken to remove the candidate from the position. We also give employees adequate rest time to prevent forced labour. Our human resources department reviews the recruitment practices regularly to ensure the effectiveness of our existing measures against child and forced labour. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to preventing child and forced labour.

⁵ For laws and regulations relating to employment, please refer to the section headed "Significant Laws and Regulations".

⁶ For laws and regulations relating to labour standards, please refer to the section headed "Significant Laws and Regulations".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OCCUPATIONAL HEALTH AND SAFETY

Protecting our employees and workers from safety and health hazards is our top priority. In this regard, we ensure strict compliance with all relevant laws and regulations⁷ relating to health and safety. To ensure that our workers and employees are familiar with the safety procedures in the event of safety hazards, we organise emergency drills for our employees. At our construction site, we ensure that sufficient safety equipment is in place, such as personal protective equipment (PPE) and first-aid kits. Also, we provide comprehensive training to our employees on health and safety measures.

While the COVID-19 pandemic restrictions have eased, we continue to implement necessary measures to ensure employee health. Our offices are equipped with face masks and hand sanitisers for employee use. To minimise in-person interactions, corporate meetings are primarily conducted through video conferencing. We continue to undergo regular office disinfection to minimise transmission risks in both Wuxi and Hong Kong offices.

During the Reporting Period, there were no lost days due to injuries. Furthermore, there were no work-related fatalities in each of the past three years including the reporting year within the Group. The Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

PROFESSIONAL TRAINING AND DEVELOPMENT

Training plays a vital role in enriching our staff's capabilities. We regularly assess the learning and development needs of our employees and provide comprehensive internal and external training and development opportunities, enabling our employees to acquire the latest knowledge and skills. Our managers and department heads regularly review employees' skills and performance to ensure that adequate and effective trainings are provided.

In terms of internal training, we provide both theoretical and hands-on training programmes, covering relevant technical, safety, and integrity topics. This equips our staff to fully understand their roles and fulfill their responsibilities. We further foster employees' professional growth by facilitating their pursuit of professional certifications through sponsorship for participation in external training programmes.

⁷ For laws and regulations relating to health and safety, please refer to the section headed "Significant Laws and Regulations".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CREATING VALUE FOR THE COMMUNITY

GOAL:

We deliver positive impacts and build bonds with all around us.

The Group aims to create a positive impact on the community. We actively support various charitable events, extending our care and support to those less fortunate in the community. Our contribution to the community primarily focused on improving community health and wellness with charitable donations of HK\$10,000 during the Reporting Period. Nurturing a culture of volunteering, we motivate employees across different business units and at all levels to contribute their skills and expertise to benefit the community.

GIVING A HELPING HAND TO THE ELDERLY

The Group embraces our role in fostering positive change within our community, particularly amid the challenges faced by an aging society. Recognising the ongoing needs of many elderly individuals, during the Reporting Period, we continued to focus on community health and wellness, and demonstrated our commitment by supporting the Hong Kong Association of Aging in Place (香港居家安老協會), a local non-governmental organisation, in providing comprehensive one-stop professional care services for the elderly through charitable donations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PERFORMANCE DATA SUMMARY

ENVIRONMENTAL^{8, 9, 10}

Indicator	Unit	FY2022	FY2023
GHG Emissions¹¹			
Total GHG Emissions (Scopes 1 and 2) ¹²	Tonnes of CO ₂ e	261.80	261.80
Energy Indirect Emission (Scope 2) ¹³	Tonnes of CO ₂ e	261.80	261.80
Total GHG Emissions (Scopes 1 and 2) Intensity ¹²	Tonnes of CO ₂ e/m ²	0.10	0.09
Energy			
Total Energy Consumption	MWh	427.83	428.17
Purchased Electricity	MWh	427.83	428.17
Total Energy Consumption Intensity	MWh/m ²	0.16	0.16
Non-Hazardous Waste¹⁴			
Total Non-Hazardous Waste	Tonnes	44.19	44.24
Total Non-Hazardous Waste Generation Intensity	Kg/m ²	16.25	16.05
Water			
Total Water Consumption ¹⁵	m ³	360.00	180.00
Total Water Consumption Intensity	m ³ /m ²	0.13	0.07

⁸ Unless otherwise specific, our Environmental KPIs cover the office operations in Hong Kong and Wuxi.

⁹ The Group's business operations did not involve fuel consumption during the Reporting Period, resulting in no significant generation of air emissions.

¹⁰ The intensity metric is based on the total floor area of our operating offices in Hong Kong and Wuxi during the respective reporting year in this chapter, unless otherwise specified.

¹¹ In accordance with The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition) published by World Business Council for Sustainable Development and World Resources Institute, Scope 1 direct emissions are resulted from operations that are owned or controlled by the Group, while Scope 2 indirect emissions are resulted from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group.

¹² The Group's business operations did not involve fuel consumption during the Reporting Period, resulting in no significant generation of Scope 1 GHG emissions.

¹³ Due to the unavailability of individual occupant electricity consumption from the energy supplier, electricity consumption in Wuxi office was estimated based on the amount of electricity consumption per person from the design of property.

¹⁴ The amount of non-hazardous waste produced was estimated using daily waste generation amount.

¹⁵ The water supply for the Hong Kong office was solely under the control of the building management. However, due to the unavailability of provision for individual occupants and sub-metres from the building management, the water consumption data covers only the office operation in Wuxi and its estimation of water consumption data is based on the per-person water consumption from the property's design.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL

Indicator	Unit	FY2022	FY2023
Workforce			
Total Workforce ¹⁶	Number of People	38	32
By Gender			
Male	Number of People	22	17
Female		16	15
By Employment Type			
Full-Time	Number of People	38	32
Part-Time		–	–
By Employee Category			
Senior Management	Number of People	2	2
Middle Management		14	13
General and Technical Staff		22	17
By Age Group			
30 or below	Number of People	6	5
31-40		16	13
41-50		13	12
51 or above		3	2
By Geographical Region			
Hong Kong	Number of People	6	7
The PRC		32	25
Employee Turnover^{16, 17}			
Total Turnover	Number of People	4	7
Total Turnover rate	%	11	22
By Gender			
Male	%	14	29
Female		6	13
By Age Group			
30 or below	%	–	20
31-40		25	23
41-50		–	17
51 or above		–	50

¹⁶ The boundary of the total workforce, employee turnover and training data reported is in line with the scope of the Human Resources and Remuneration Policy under the section “Management Discussion and Analysis” of this annual report.

¹⁷ Employee turnover rate refers to the total number of employee turnover of particular categories (i.e., gender, age group and geographical region) divided by the total number of employees of the corresponding category.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Unit	FY2022	FY2023
By Geographical Region			
Hong Kong	%	–	–
The PRC		13	28
Health and Safety			
Work-Related Fatality	Number	–	–
Lost Day due to Work Injury	Day(s)	–	–
Employee Training^{16, 18}			
Total Training Hours	Hour(s)	217	113
Average Training Hours of Employees	Hour(s)	5.71	3.53
Percentage of Employees Trained	%	97	94
Average Training Hours by Gender			
Male	Hour(s)	4.82	2.88
Female	Hour(s)	6.94	4.27
Average Training Hours by Employee Categories			
Senior Management	Hour(s)	5.50	7.75
Mid-level Management	Hour(s)	6.18	3.27
General and Technical Staff	Hour(s)	5.43	3.24
Percentage of Employees Trained by Gender			
Male	%	57	50
Female	%	43	50
Percentage of Employees Trained by Employee Categories			
Senior Management	%	5	6
Mid-level Management	%	38	37
General and Technical Staff	%	57	57
Suppliers			
Hong Kong	Number	18	17
The PRC (excluding Hong Kong)		80	80
Product Responsibility			
Products and Service-Related Complaints	Number	42	18
Community Investment			
Resources Contributed	HK\$	12,000	10,000

¹⁸ Average training hours refer to total training hour of particular categories (i.e., gender and employee categories) divided by the total number of employees of the corresponding category at the end of the respective reporting year. Percentage of employee trained refers to total number of employees trained of particular categories (i.e., gender and employee categories) divided by the total number of employees trained at the end of the respective reporting year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SIGNIFICANT LAWS AND REGULATIONS

Aspect	Significant Laws and Regulations
Aspect A: Environmental	<ul style="list-style-type: none">• Waste Disposal Ordinance (Cap. 354 of the laws of Hong Kong)• Environmental Protection Law of the PRC (《中華人民共和國環境保護法》)• Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》)• Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)• Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)• Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)
Aspect B1: Employment	<ul style="list-style-type: none">• Employment Ordinance (Cap. 57 of the laws of Hong Kong)
Aspect B4: Labour Standards	<ul style="list-style-type: none">• Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong)• Social Insurance Law of the PRC (《中華人民共和國社會保險法》)• Labour Law of the PRC (《中華人民共和國勞動法》)• Labour Contract Law of the PRC (《中華人民共和國勞動合同法》)• Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》)
Aspect B2: Health and Safety	<ul style="list-style-type: none">• Occupational Safety and Health Ordinance (Cap. 509 of the laws of Hong Kong)• Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)
Aspect B6: Product Responsibility	<ul style="list-style-type: none">• Landlord and Tenant (Consolidation) Ordinance (Cap. 7 of the laws of Hong Kong)• Personal Data (Privacy) Ordinance (Cap. 486 of the laws of Hong Kong)• Advertising Law of the PRC (《中華人民共和國廣告法》)• Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》)
Aspect B7: Anti-corruption	<ul style="list-style-type: none">• Bribery Ordinance (Cap. 201 of the laws of Hong Kong)• Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》)• Criminal Law of the PRC (《中華人民共和國刑法》)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG REPORTING GUIDE CONTENT INDEX

Indicator	Chapter/Disclosure	Page
Mandatory Disclosure Requirements		
Governance Structure		
A statement from the board containing the following elements:	Our Approach to Sustainability	36
(i) a disclosure of the board's oversight of ESG issues;		
(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and		
(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.		
Reporting Principles		
A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:	Reporting Principles	35
Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.		
Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.		
Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.		
Reporting Boundary		
A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope and Reporting Period	34

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Chapter/Disclosure	Page
"Comply or explain" Provisions		
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Creating Value for the Environment;	45
	Significant Laws and Regulations	56
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		
KPI A1.1	The types of emissions and respective emissions data.	Performance Data Summary – Environmental 53
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and intensity.	Performance Data Summary – Environmental 53
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	There was no significant generation of hazardous waste during the Reporting Period. –
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Performance Data Summary – Environmental 53
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	GHG Reduction and Energy Conservation; 47
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Targets For FY2025 42 Waste Management; 47 Environmental Targets For FY2025 42

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Chapter/Disclosure	Page
Aspect A2: Use of Resources		
General Disclosure	Creating Value for the Environment	45
Policies on the efficient use of resources, including energy, water and other raw materials.		
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Performance Data Summary – Environmental 53
KPI A2.2	Water consumption in total and intensity.	Performance Data Summary – Environmental 53
KPI A2.3	Description of energy use efficiency target and steps taken to achieve them.	GHG Reduction and Energy Conservation; 47
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Targets For FY2025 42
KPI A2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	Conserving Water Resources; 47 Environmental Targets For FY2025 42
	The use of packaging material for finished products is not applicable to the Group's business.	–
Aspect A3: The Environment and Natural Resources		
General Disclosure	Creating Value for the Environment	45
Policies on minimizing the issuer's significant impact on the environment and natural resources.		
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Creating Value for the Environment 45
Aspect A4: Climate Change		
General Disclosure	Response to Climate Change	46
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change 46

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Chapter/Disclosure	Page
B. Social		
<i>Employment and Labour Practices</i>		
Aspect B1: Employment		
General Disclosure	Creating Value for Our Employees; Significant Laws and Regulations	49 56
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		
KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	Performance Data Summary – Social	54
KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Performance Data Summary – Social	54
Aspect B2: Health and Safety		
General Disclosure	Occupational Health and Safety; Significant Laws and Regulations	51 56
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
relating to providing a safe working environment and protecting employees from occupational hazards.		
KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Data Summary – Social; Occupational Health and Safety	54 51
KPI B2.2 Lost days due to work injury.	Performance Data Summary – Social; Occupational Health and Safety	54 51
KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	51

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Chapter/Disclosure	Page
Aspect B3: Development and Training		
General Disclosure	Professional Training and Development	51
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		
KPI B3.1 The percentage of employees trained by gender and employee category.	Performance Data Summary – Social	54
KPI B3.2 The average training hours completed per employee by gender and employee category.	Performance Data Summary – Social	54
Aspect B4: Labour Standards		
General Disclosure	Human Rights Protection; Significant Laws and Regulations	50
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		
KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Human Rights Protection	50
KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Human Rights Protection	50
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Supply Chain Management; Green Procurement	44
Policies on managing environmental and social risks of the supply chain.		
KPI B5.1 Number of suppliers by geographical region.	Performance Data Summary – Social	54
KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	44
KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	44
KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management; Green Procurement	44

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Chapter/Disclosure	Page	
Aspect B6: Product Responsibility			
General Disclosure	Creating Value for our Customers; Significant Laws and Regulations	43 56	
Information on:			
(a) the policies; and			
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.			
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the Group's business, product recalls are not material to the Group's operations.	–
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Satisfaction; Performance Data Summary – Social	43 54
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Due to the Group's business, intellectual property rights are not material to the Group's operations.	–
KPI B6.4	Description of quality assurance process and recall procedures.	Delivering Quality Services for our Customers; Due to the Group's business, product recalls are not material to the Group's operations.	43
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Data Protection	43

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Chapter/Disclosure	Page
Aspect B7: Anti-corruption		
General Disclosure	Anti-corruption;	44
	Significant Laws and Regulations	56
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption 44
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption 44
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption 44
 Community		
Aspect B8: Community Investment		
General Disclosure	Creating Value for the Community	52
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		
KPI B8.1	Focus areas of contribution.	Creating Value for the Community; 52
KPI B8.2	Resources contributed to the focus area.	Performance Data Summary – Social 54

INDEPENDENT AUDITOR'S REPORT

mazars

MAZARS CPA LIMITED

中審眾環（香港）會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.hk

To the members of

Applied Development Holdings Limited

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Applied Development Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 71 to 146, which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2023, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to note 33 to the consolidated financial statements concerning the uncertainty related to the possible outcome of a lawsuit lodged by an individual to the People's Court of Huishan District, Wuxi, the People's Republic of China for ordering the Group and another individual to, inter alia, repay debts and related interests in an aggregate amount of approximately RMB74,300,000 (equivalent to approximately HK\$81,180,000). Upon advice from the Group's PRC lawyer, the directors of the Company consider that no provision for the claims is necessary as there is a lack of legal or factual basis to support the claims. Therefore, the consolidated financial statements of the Group do not include any adjustments that would result from the outcome of the lawsuit. We consider that appropriate disclosures have been made and our opinion is not modified in this respect.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matters identified in our audit are summarised as follows:

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties <i>Relevant disclosures are made in notes 2 and 14 to the consolidated financial statements.</i></p> <p>The Group's investment properties measured at fair value amounted to HK\$280,900,000 as at 30 June 2023. The fair value was determined with reference to the valuation carried out by an independent professional valuer engaged by the management.</p> <p>We have identified this matter to be a key audit matter because the amount is significant and the valuation of investment properties involved significant judgements and estimates including the determination of valuation techniques and the selection of input data used in the valuation models.</p>	<p>Our audit procedures, among others, included:</p> <ul style="list-style-type: none">– Understanding and evaluating the management's key controls over the fair value assessment process;– Evaluating the competence, capabilities and objectivity of the independent professional valuer;– Discussing with the independent professional valuer to understand the valuation methodologies and key estimates and assumptions adopted;– Assessing the reasonableness of the significant assumptions adopted in the valuation;– Checking the accuracy and relevance of the key inputs used in the valuation; and– Challenging the judgement and estimates made by the management and the valuer regarding the factors considered during the assessment.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matters identified in our audit are summarised as follows: *(continued)*

Key audit matter	How our audit addressed the key audit matter
<p><i>Net realisable value of properties held for sales ("PHS")</i></p> <p><i>Relevant disclosures are made in notes 2 and 19 to the consolidated financial statements.</i></p> <p>As at 30 June 2023, the Group had PHS amounting to approximately HK\$727,896,000, which accounted for 56% of the Group's total assets. The Group's PHS are stated at the lower of cost and net realisable value ("NRV").</p> <p>The NRV of PHS is assessed with reference to valuations carried out by an independent professional valuer engaged by the management.</p> <p>We have identified the assessment of NRV of the Group's PHS as a key audit matter because the amount is significant and significant estimation and judgement are involved in the measurement of the NRV.</p>	<p>Our audit procedures, among others, included:</p> <ul style="list-style-type: none">– Understanding and evaluating the management's key controls over the NRV assessment process;– Assessing the appropriateness of the determination of NRV of the PHS by, on a sample basis, comparing the NRV to market prices achieved in the same projects or comparable properties, based on the current market development trend and regulations in the real estate industry and our knowledge of the Group's business with reference to the valuation report prepared by the independent professional valuer;– Evaluating the competence, capabilities and objectivity of the independent professional valuer;– Discussing with the independent professional valuer the valuation methodology and the key estimates and assumptions adopted in the valuation;– Assessing the management's process in estimating, if applicable, the estimated selling expenses for the PHS by comparing them, on a sample basis, to the actual cost and comparing the adjustments made by the management in the future costs to completion to current market data; and– Challenging the judgement and estimates made by the management and the valuer regarding the factors considered during the assessment.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matters identified in our audit are summarised as follows: *(continued)*

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of unlisted investment funds <i>Relevant disclosures are made in notes 2 and 17 to the consolidated financial statements.</i></p> <p>As at 30 June 2023, the Group's unlisted investment funds with carrying amount of approximately HK\$92,500,000 were carried at fair value through profit or loss.</p> <p>The fair value of the unlisted investment funds is assessed with reference to valuations carried out by independent professional valuers engaged by the management.</p> <p>We have identified the fair value assessment of unlisted investment funds as a key audit matter because the amount is significant and the valuation of unlisted investment funds involved significant judgement and estimates including the determination of valuation techniques and selection of input data used in the valuation models.</p>	<p>Our audit procedures, among others, included:</p> <ul style="list-style-type: none">– Understanding and evaluating the management's key controls over the fair value assessment process;– Evaluating the competence, capabilities and objectivity of the independent professional valuers;– Discussing with the management and the independent professional valuers about the valuation of the unlisted investment funds:<ul style="list-style-type: none">(i) assessing the appropriateness of the valuation techniques and the key estimates and assumptions adopted in valuation;(ii) testing the appropriateness of the key input data by checking to the relevant market data/information and/or recent transactions; and(iii) inquiring and assessing the rationale of the management's selection of the key inputs and obtaining the supporting evidence; and– Challenging the judgement and estimates made by the management and the valuers regarding the factors considered during the assessment.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2023 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 28 September 2023

The engagement director on the audit resulting in this independent auditor's report is:

Eunice Y M Kwok

Practising Certificate number: P04604

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	5	93,673	11,131
Cost of sales		(70,170)	(3,917)
Gross profit		23,503	7,214
Other revenue	5	966	2,184
Other income	6	2,623	1,717
Net (loss) gain on disposal of financial assets at fair value through profit or loss ("FVPL")		(889)	937
Net decrease in fair value of financial assets at FVPL		(29,123)	(128,823)
Net decrease in fair value of investment properties	14	(14,200)	(21,600)
Reversal of impairment loss on loans and interest receivables	20(b)	8,450	18,618
Impairment loss on other receivables	20(b)	–	(580)
Selling expenses		(2,639)	(4,956)
Administrative expenses		(26,096)	(30,675)
Finance costs	8	(9,429)	(5,472)
Loss before taxation	9	(46,834)	(161,436)
Taxation	10	3,168	(1,441)
Loss for the year		(43,666)	(162,877)
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
– Exchange differences arising on translation of foreign operations		(32,018)	(12,862)
<i>Item that will not be reclassified to profit or loss</i>			
– Change in fair value of financial assets at fair value through other comprehensive income ("Designated FVOCI")		(56)	(22)
Total other comprehensive loss for the year		(32,074)	(12,884)
Total comprehensive loss for the year		(75,740)	(175,761)
Loss attributable to:			
Owners of the Company		(43,449)	(162,877)
Non-controlling interests		(217)	–
		(43,666)	(162,877)
Total comprehensive loss attributable to:			
Owners of the Company		(75,523)	(175,761)
Non-controlling interests		(217)	–
		(75,740)	(175,761)
Loss per share	12		
Basic		(1.73) HK cents	(6.50) HK cents
Diluted		(1.73) HK cents	(6.50) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Investment properties	14	280,900	295,100
Property, plant and equipment	15	68,285	70,640
Designated FVOCI	16	119	175
		349,304	365,915
Current assets			
Properties under development	18	–	631,490
Properties held for sales	19	727,896	120,404
Financial assets at FVPL	17	147,172	184,274
Other receivables	20	33,426	55,585
Restricted bank deposits	21	21,411	18,217
Cash and cash equivalents	21	20,609	60,474
		950,514	1,070,444
Current liabilities			
Accounts and other payables	22	189,608	217,555
Interest-bearing borrowings	23	210,124	244,218
Tax payables		2,090	988
		401,822	462,761
Net current assets		548,692	607,683
Total assets less current liabilities		897,996	973,598
Non-current liabilities			
Deferred tax liabilities	27	95,849	100,611
Net assets		802,147	872,987
Capital and reserves			
Share capital	24	25,051	25,051
Reserves		772,413	847,936
Equity attributable to owners of the Company		797,464	872,987
Non-controlling interests		4,683	–
Total equity		802,147	872,987

The consolidated financial statements on pages 71 to 146 were approved and authorised for issue by the Board of Directors on 28 September 2023 and signed on its behalf by:

Wu Zhanming
Director

Wu Tao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Attributable to owners of the Company									
	Reserves									
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total reserves HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
	(Note 25(a))	(Note 25(b))	(Note 25(c))	(Note 25(d))	(Note 25(e))					
At 1 July 2022	25,051	406,743	(397)	11,931	204,610	5,069	219,980	847,936	-	872,987
Loss for the year	-	-	-	-	-	-	(43,449)	(43,449)	(217)	(43,666)
Other comprehensive loss										
<i>Item that may be reclassified subsequently to profit or loss</i>										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(32,018)	-	(32,018)	-	(32,018)
<i>Item that will not be reclassified to profit or loss</i>										
Change in fair value of Designated FVOCI	-	-	(56)	-	-	-	-	(56)	-	(56)
Total other comprehensive loss for the year	-	-	(56)	-	-	(32,018)	-	(32,074)	-	(32,074)
Total comprehensive loss for the year	-	-	(56)	-	-	(32,018)	(43,449)	(75,523)	(217)	(75,740)
Transactions with owners:										
<i>Change in ownership interests</i>										
Capital injection to a newly incorporated subsidiary from non-controlling shareholders	-	-	-	-	-	-	-	-	4,900	4,900
At 30 June 2023	25,051	406,743	(453)	11,931	204,610	(26,949)	176,531	772,413	4,683	802,147

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Reserves								Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 <i>(Note 25(a))</i>	Investment revaluation reserve (non-recycling) HK\$'000 <i>(Note 25(b))</i>	Capital redemption reserve HK\$'000 <i>(Note 25(c))</i>	Capital reserve HK\$'000 <i>(Note 25(d))</i>	Translation reserve HK\$'000 <i>(Note 25(e))</i>	Accumulated profits HK\$'000	Total reserves HK\$'000	
At 1 July 2021	25,051	406,743	(375)	11,931	204,610	17,931	382,857	1,023,697	1,048,748
Loss for the year	-	-	-	-	-	-	(162,877)	(162,877)	(162,877)
Other comprehensive loss									
<i>Item that may be reclassified subsequently to profit or loss</i>									
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(12,862)	-	(12,862)	(12,862)
<i>Item that will not be reclassified to profit or loss</i>									
Change in fair value of Designated FVOCI	-	-	(22)	-	-	-	-	(22)	(22)
Total other comprehensive loss for the year	-	-	(22)	-	-	(12,862)	-	(12,884)	(12,884)
Total comprehensive loss for the year	-	-	(22)	-	-	(12,862)	(162,877)	(175,761)	(175,761)
At 30 June 2022	25,051	406,743	(397)	11,931	204,610	5,069	219,980	847,936	872,987

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

Notes	2023 HK\$'000	2022 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(46,834)	(161,436)
Adjustments for:		
Depreciation of		
– property, plant and equipment	2,376	2,254
– right-of-use assets	–	285
Finance costs	9,429	5,472
Interest income	(966)	(2,184)
Interest income from financial assets at FVPL	(452)	(1,404)
Dividend income from financial assets at FVPL	(212)	(616)
Net loss (gain) on disposal of financial assets at FVPL	889	(937)
Net decrease in fair value of financial assets at FVPL	29,123	128,823
Net decrease in fair value of investment properties	14,200	21,600
Reversal of impairment loss on loans and interest receivables	(8,450)	(18,618)
Impairment loss on other receivables	–	580
Write-off of property, plant and equipment	4	297
Operating cash flows before changes in working capital	(893)	(25,884)
Changes in working capital:		
Properties under development	594,509	(47,292)
Properties held for sales	(614,056)	5,001
Other receivables	15,859	3,093
Restricted bank deposits	(3,194)	1,017
Accounts and other payables	(22,811)	13,698
Net cash used in operations	(30,586)	(50,367)
Interest paid	(9,177)	(5,122)
Tax refunded (paid)	1,205	(953)
Net cash used in operating activities	(38,558)	(56,442)
INVESTING ACTIVITIES		
Dividend received	212	616
Interest received	2,776	2,793
Purchase of financial assets at FVPL	–	(14,288)
Purchase of property, plant and equipment	(32)	(1,767)
Net proceeds from disposal of financial assets at FVPL	7,090	97,075
Repayment of loans from other borrowers	15,500	10,000
Net cash from investing activities	25,546	94,429

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000
FINANCING ACTIVITIES	28		
Interest paid		–	(1)
New other borrowings raised		–	6,044
Repayment of bank and other borrowings		(33,380)	(54,504)
Repayment of lease liabilities		–	(297)
Net cash used in financing activities		(33,380)	(48,758)
Net decrease in cash and cash equivalents		(46,392)	(10,771)
Cash and cash equivalents at the beginning of the reporting period		60,474	72,022
Effect on exchange rate changes		6,527	(777)
Cash and cash equivalents at the end of the reporting period	21	20,609	60,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. GENERAL

Applied Development Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of its registered office and the principal place of business are disclosed in the section headed “Corporate Information” in the 2023 annual report of the Company.

The consolidated financial statements are presented in Hong Kong Dollar (“HK\$”), which is the functional currency of the Company.

The Company acts as an investment holding company. The Company and its subsidiaries (collectively the “Group”) are principally engaged in resort and property development, property investment and investment holding. The activities of the principal subsidiaries of the Company are set out in note 31(a) to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

ADOPTION OF NEW/REVISED HKFRSs

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

ADOPTION OF NEW/REVISED HKFRSs *(continued)*

Amendments to HKAS 37: Cost of Fulfilling a Contract *(continued)*

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Annual Improvements Project – 2018-2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

HKFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

A summary of the principal accounting policies adopted by the Group is set out below:

BASIS OF MEASUREMENT

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for investment properties, Designated FVOCI and financial assets at FVPL, which are measured at fair values as explained in the accounting policies set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instrument's proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF CONSOLIDATION *(continued)*

Changes in ownership interest (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

SUBSIDIARIES

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

INVESTMENT PROPERTIES

Investment properties are land and/or building that are held by owner to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use, properties that are being constructed or developed for future use as investment properties and properties that are held under operating lease, which satisfy the definition of investment property and are carried at fair value.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions, and is adjusted for separately recognised assets or liabilities to avoid double-counting assets or liabilities.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual value, using the straight-line method at the following rates per annum. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately.

Land and buildings	Over the lease term
Leasehold improvements	20%
Furniture, fixtures and equipment	10% to 25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

PROPERTIES UNDER DEVELOPMENT

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion. Development cost attributable to properties under development comprises mainly construction costs, cost of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sales.

PROPERTIES HELD FOR SALES

Properties held for sales are stated at the lower of cost and net realisable value. Cost attributable to properties held for sales comprises mainly construction costs, cost of land use rights, borrowing costs and professional fees incurred during the development period. Net realisable value is determined with reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition.

FINANCIAL INSTRUMENTS

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets (continued)

Recognition and derecognition (continued)

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) Designated FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- (a) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include other receivables, restricted bank deposits and cash at banks and securities brokers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

Classification and measurement (continued)

2) Designated FVOCI

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

The Group's Designated FVOCI include listed equity securities.

3) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL and financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

- (a) acquired principally for the purpose of selling it in the near term;
- (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (c) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include listed equity securities, listed debt instruments and unlisted investment funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include accounts and other payables and interest-bearing borrowings. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost, lease receivables and Mandatory FVOCI to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Impairment of financial assets and other items *(continued)*

Measurement of ECL (continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (a) past due information
- (b) nature of instrument
- (c) nature of collateral
- (d) industry of debtors
- (e) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria:

- (a) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (b) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Impairment of financial assets and other items *(continued)*

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Impairment of financial assets and other items *(continued)*

Low credit risk

A financial instrument is determined to have low credit risk if:

- (a) it has a low risk of default;
- (b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For accounts receivables without a significant financing component or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts. For classification in the statement of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted as to use.

REVENUE RECOGNITION

Rental income

Rental income under operating leases is recognised when the properties are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

Dividend income

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Revenue from contracts with customers within HKFRS 15

Revenue from sale of properties is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides benefits which are received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the costs incurred up to the end of the reporting period as a percentage of total estimated costs for each performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

REVENUE RECOGNITION *(continued)*

Revenue from contracts with customers within HKFRS 15 *(continued)*

For property sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the right of physical possession or the legal title of the completed property.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

CONTRACT LIABILITIES

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the sale of properties, it is common for the Group to receive from the customer the whole or some of the contractual payments before the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HK\$.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period.
- Income and expenses for each statement of comprehensive income are translated at average exchange rate.
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.
- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.
- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IMPAIRMENT OF OTHER ASSETS

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

BORROWINGS COSTS

Borrowings costs which are directly attributable to the acquisition, construction and production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as and included in finance costs in profit or loss in the period in which they are incurred.

EMPLOYEE BENEFITS

Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Retirement benefit schemes

Payment to defined contribution retirement benefit schemes is charged as expenses when employees have rendered service entitling them to the contributions.

Details of the retirement benefit schemes are set out in note 32 to the consolidated financial statements.

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Share options granted to employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserve in equity.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Share options granted to employees of the Group (continued)

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised as expenses immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

LEASES

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

LEASES *(continued)*

As lessee (continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful life of the right-of-use asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments including in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

LEASES *(continued)*

As lessee *(continued)*

A lease modification is accounted for as a separate lease if

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term of the modified contract.
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

TAXATION

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets or liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

For the purpose of measuring deferred tax assets or liabilities for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

RELATED PARTIES

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Revenue recognition from sale of properties at a point in time

Under HKFRS 15, control of the asset is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Significant judgement is required in determining whether the terms of the sales contracts with customers in relation to properties create an enforceable right to payment for the Group. The Group has considered the relevant local laws that apply to those sales contracts and opinion from external legal counsel. Based on the assessment of the Group's management, the terms of the relevant sales contracts do not create an enforceable right to payment for the Group until the transfer of the control of the properties. Accordingly, the sale of properties is considered as performance obligation satisfied at a point in time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Key sources of estimation uncertainty *(continued)*

Valuation of investment properties

The Group's investment properties are stated at fair value based on the valuation carried out by an independent professional valuer on an open market basis by the direct comparison approach assuming sale with the benefit of vacant possession and/or by making reference to comparable sale evidence as available in the relevant market.

In determining the fair value of investment properties, the valuer has based on a method of valuation which involves, inter alia, sales price of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age. In relying on the valuation report, management has exercised its judgement and is satisfied that the method of valuation is reflective of the current market conditions as at the end of the reporting period. Particulars of the investment properties of the Group are set out in note 14 to the consolidated financial statements.

Loss allowance for ECL

The Group's management estimates the loss allowance for loans and interest receivables and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of other receivables. Details of the key assumptions and inputs used in estimating ECL are set out in note 3(a) to the consolidated financial statements.

Net realisable value ("NRV") of properties held for sales ("PHS")

The Group assesses the NRV of PHS according to realisability of these properties and estimated net sales value on prevailing market conditions. Write-down to NRV is made when events or changes in circumstances indicate that the carrying amounts may not be realised (i.e. NRV is lower than the carrying amounts). The assessment requires the use of judgement and estimates.

The Group estimates property construction cost upon recognition of respective the cost of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be reassessed periodically, as the constructions progress. Should these estimates depart from their actual finalised costs, such differences would affect the accuracy of cost of sales recognised.

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices and internal estimates such as future selling prices. The Group has also engaged an independent professional valuer to assess the NRV of the PHS. Particulars of the PHS of the Group are set out in notes 19 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Key sources of estimation uncertainty *(continued)*

Fair value measurements and valuation processes

Certain of the Group's financial assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, management of the Group uses market-observable data to the extent available. Where Level 1 inputs are not available, the Group engages third-party qualified valuers to perform the valuation. At the end of the reporting period, management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. Management of the Group first considers and adopts Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, management of the Group would adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of an asset or a liability, the causes of the fluctuations are reported to the directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial assets and liabilities are disclosed in notes 3, 16 and 17 to the consolidated financial statements.

FUTURE CHANGES IN HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	Disclosure of Accounting Policies ^[1]
Amendments to HKAS 8	Definition of Accounting Estimates ^[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ^[1]
HKFRS 17	Insurance Contracts ^[1]
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information ^[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ^[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants ^[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ^[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ^[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[3]

^[1] Effective for annual periods beginning on or after 1 January 2023

^[2] Effective for annual periods beginning on or after 1 January 2024

^[3] The effective date to be determined

The directors of the Company are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include Designated FVOCI, financial assets at FVPL, other receivables, restricted bank deposits, cash and cash equivalents, accounts and other payables, and interest-bearing borrowings. Details of these financial instruments are disclosed in the respective notes to the consolidated financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

The Group is exposed to foreign currency risk primarily on financial assets at FVPL. The currency giving rise to this risk is United States Dollar ("US\$"). The Group does not hedge its foreign currency risks because the rate of exchange between HK\$ and US\$ is relatively stable under current market condition and the existing currency exchange policies adopted by the Government of Hong Kong Special Administrative Region.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's secured bank borrowings with floating interest rates as at the end of the reporting period. The interest rates and terms of repayment have been disclosed in note 23(a) to the consolidated financial statements. The Group currently does not have a policy to hedge against the interest rate risk as the management does not expect any significant interest rate risk as at the end of the reporting period.

At the end of the reporting period, if interest rates had been 500 (2022: 100) basis points higher/lower and all other variables were held constant, the Group's net loss would increase/decrease by approximately HK\$8,441,000 (2022: HK\$1,939,000), but there would be no impact on the other equity reserves.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the secured bank borrowings in existence at that date. The 500 (2022: 100) basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period.

Price risk

The Group is exposed to equity price risk principally arising from listed equity securities held under financial assets at FVPL in the consolidated financial statements.

The sensitivity analysis has been determined based on the exposure to equity price risk. At the end of the reporting period, if the market price had been 25% (2022: 15%) higher/lower while all other variables were held constant, the Group's net loss would decrease/increase by approximately HK\$11,412,000 (2022: HK\$10,822,000) due to change in the fair value of investments. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group's credit risk is mainly attributable to restricted bank deposits, cash and cash equivalents, other receivables and loans and interest receivables.

Credit risk arising from other receivables

The Group considers that other receivables, except for those assessed as under or not performing, have low credit risk based on the debtors' strong capacity to meet their contractual cash flow obligations in the near term and the low risk of default.

At the end of the reporting period, the Group had a concentration risk as 77% (2022: 62%) and 100% (2022: 100%) of the total other receivables were made up by the Group's largest debtor and the five (2022: five) largest debtors' outstanding balances respectively.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience for the debtors and the financial position of the counterparties by reference to, among others, their management or audited accounts, legal advice of claims from counterparty and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. No impairment loss (2022: *impairment loss of HK\$580,000*) has been provided during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Credit risk arising from other receivables (continued)

Internal credit rating	Gross carrying amount	ECL	Loss allowance	Net carrying amount
	HK\$'000		HK\$'000	HK\$'000
At 30 June 2023				
Performing <i>(Note (i))</i>	28,330	12-month	–	28,330
Underperforming <i>(Note (ii))</i>	–	Lifetime	–	–
Not performing <i>(Note (iii))</i>	4,917	Lifetime	4,917	–
	33,247		4,917	28,330
At 30 June 2022				
Performing <i>(Note (i))</i>	32,033	12-month	–	32,033
Underperforming <i>(Note (ii))</i>	–	Lifetime	–	–
Not performing <i>(Note (iii))</i>	5,274	Lifetime	5,274	–
	37,307		5,274	32,033

Notes:

- (i) Performing (Normal credit quality) refers to other receivables that have not had a significant increase in credit risk and ECL in the next 12 months are recognised.
- (ii) Underperforming (Significant increase in credit risk) refers to other receivables that have had a significant increase in credit risk and for which the lifetime ECL are recognised.
- (iii) Not performing (Credit-impaired) refers to other receivables that have objective evidence of impairment and for which the lifetime ECL are recognised.

There was no change in the estimation techniques or significant assumptions made during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Credit risk arising from other receivables (continued)

As at 30 June 2023, the Group recognised loss allowances of HK\$4,917,000 (2022: HK\$5,274,000) on its other receivables. The movements in the loss allowances for other receivables during the year are summarised below.

	12-month	Lifetime ECL		Total
	ECL	Under performing	Not performing	
	Performing	performing	performing	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2023				
At the beginning of the reporting period	–	–	5,274	5,274
Exchange realignment	–	–	(357)	(357)
At the end of the reporting period	–	–	4,917	4,917
At 30 June 2022				
At the beginning of the reporting period	–	–	5,413	5,413
Increase in loss allowances	–	–	580	580
Write-off	–	–	(580)	(580)
Exchange realignment	–	–	(139)	(139)
At the end of the reporting period	–	–	5,274	5,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Credit risk arising from restricted bank deposits and cash and cash equivalents

Substantially all of the Group's restricted bank deposits and cash and cash equivalents were deposited in creditworthy global banks and state-controlled financial institutions in the People's Republic of China (the "PRC"). Management considers that these counterparties have insignificant credit risks.

Credit risk arising from loans and interest receivables

The Group has a credit policy in place and exposures to credit risks are monitored on an ongoing basis. In order to minimise credit risk, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience for the borrowers and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

The Group has established a loan credit risk classification system and performs credit risk management based on loan classification in one of the three categories of internal credit rating. The information about the ECL for loans and interest receivables as at 30 June 2023 is summarised below. A reversal of impairment loss of HK\$8,450,000 (2022: HK\$18,618,000) (Note 20(b)) was recognised in profit or loss during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk (continued)

Credit risk arising from loans and interest receivables (continued)

Internal credit rating	Gross carrying amount	ECL	Loss allowances	Net carrying amount
	HK\$'000		HK\$'000	HK\$'000
At 30 June 2023				
Performing <i>(Note (i))</i>	–	12-month	–	–
Underperforming <i>(Note (ii))</i>	–	Lifetime	–	–
Not performing <i>(Note (iii))</i>	19,394	Lifetime	19,394	–
	<u>19,394</u>		<u>19,394</u>	<u>–</u>
At 30 June 2022				
Performing <i>(Note (i))</i>	–	12-month	–	–
Underperforming <i>(Note (ii))</i>	–	Lifetime	–	–
Not performing <i>(Note (iii))</i>	44,703	Lifetime	27,844	16,859
	<u>44,703</u>		<u>27,844</u>	<u>16,859</u>

Notes:

- (i) Performing (Normal credit quality) refers to loans that have not had a significant increase in credit risk and ECL in the next 12 months are recognised.
- (ii) Underperforming (Significant increase in credit risk) refers to loans that have had a significant increase in credit risk and for which the lifetime ECL are recognised.
- (iii) Not performing (Credit-impaired) refers to loans that have objective evidence of impairment and for which the lifetime ECL are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Credit risk arising from loans and interest receivables (continued)

As at 30 June 2023, the Group recognised loss allowances of HK\$19,394,000 (2022: HK\$27,844,000) on its loans and interest receivables. The movements in the loss allowances for loans and interest receivables during the year are summarised below.

	12-month	Lifetime ECL		Total
	ECL	Under performing	Not performing	
	Performing	performing	performing	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2023				
At the beginning of the reporting period	–	–	27,844	27,844
Decrease in loss allowances	–	–	(8,450)	(8,450)
At the end of the reporting period	–	–	19,394	19,394
At 30 June 2022				
At the beginning of the reporting period	–	–	46,462	46,462
Decrease in loss allowances	–	–	(18,618)	(18,618)
At the end of the reporting period	–	–	27,844	27,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through facilities available from bank. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The maturity profile of the financial liabilities of the Group at the end of the reporting period based on the remaining contractual undiscounted payments is summarised below:

	On demand or less than 1 year HK\$'000	Total contractual undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 30 June 2023			
Accounts and other payables	164,376	164,376	164,376
Interest-bearing borrowings	210,124	210,124	210,124
	374,500	374,500	374,500
At 30 June 2022			
Accounts and other payables	128,639	128,639	128,639
Interest-bearing borrowings	244,218	244,218	244,218
	372,857	372,857	372,857

(b) FAIR VALUE MEASUREMENTS

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the financial instruments, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS (continued)

(b) FAIR VALUE MEASUREMENTS (continued)

(i) Financial assets measured at fair value

	Notes	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
At 30 June 2023					
<i>Designated FVOCI:</i>					
Listed in Hong Kong					
– equity securities	16	119	119	–	–
<i>Financial assets at FVPL:</i>					
Unlisted investment funds					
– Hong Kong	17(a)	92,500	–	–	92,500
Listed equity securities					
– Hong Kong	17(b)	50,530	50,530	–	–
– the PRC	17(b)	2,260	2,260	–	–
– Overseas	17(b)	829	829	–	–
Listed debt instruments					
– Hong Kong	17(c)	639	639	–	–
– Overseas	17(c)	414	414	–	–
		147,172	54,672	–	92,500
At 30 June 2022					
<i>Designated FVOCI:</i>					
Listed in Hong Kong					
– equity securities	16	175	175	–	–
<i>Financial assets at FVPL:</i>					
Unlisted investment funds					
– Hong Kong	17(a)	97,871	–	–	97,871
Listed equity securities					
– Hong Kong	17(b)	79,337	79,337	–	–
– the PRC	17(b)	3,995	3,995	–	–
– Overseas	17(b)	932	932	–	–
Listed debt instruments					
– Hong Kong	17(c)	997	997	–	–
– Overseas	17(c)	1,142	1,142	–	–
		184,274	86,403	–	97,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(b) FAIR VALUE MEASUREMENTS *(continued)*

(i) **Financial assets measured at fair value** *(continued)*

During the years ended 30 June 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements. There were no transfers into and out of Level 3 fair value measurements during the year ended 30 June 2023. During the year ended 30 June 2022, there were transfers of HK\$33,177,000 from Level 2 to Level 3 fair value measurements.

The details of the movements of the fair value measurements categorised as Level 3 of the fair value hierarchy during the years ended 30 June 2023 and 2022 are as follows:

Movements in Level 3 fair value measurements

	Financial assets at FVPL	
	2023	2022
	HK\$'000	HK\$'000
At the beginning of the reporting period	97,871	74,864
Transfer to Level 3	–	33,177
Decrease in fair value, recognised in profit or loss	(5,371)	(10,170)
At the end of the reporting period	92,500	97,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS (continued)

(b) FAIR VALUE MEASUREMENTS (continued)

(i) Financial assets measured at fair value (continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurements

The quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurements, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Fair value at 30 June		Valuation techniques	Unobservable inputs	Sensitivity of fair value to changes in unobservable inputs
	2023 HK\$'000	2022 HK\$'000			
Financial assets at FVPL					
Unlisted investment funds					
– Other unlisted investment funds	23,622	64,694	Trending analysis	Market capitalisation/ Market indices	If the market capitalisation/ market indices increased/ decreased by 10% (2022: 10%), the fair value of the unlisted investment funds would increase/decrease by HK\$2,362,000 (2022: HK\$6,469,000).
	53,659	n/a	Backsolve method under market approach (note)	Equity value	If the equity value increased/ decreased by 10% (2022: n/a), the fair value of the unlisted investment funds would increase/decrease by HK\$5,366,000 (2022: n/a).
– Green Asia Fund (as defined in note 17(a))	15,219	33,177	Net asset value at the end of reporting period	Recovery rate of underlying financial assets	If the recovery rate increased/ decreased by 5% (2022: 5%), the fair value of Green Asia Funds would increase/ decrease by HK\$3,910,000 (2022: HK\$6,382,000).

Note:

The valuation technique of the unlisted investment fund was changed from trending analysis as of 30 June 2022 to backsolve method under market approach as of 30 June 2023 as the management considered that recent transaction on investing in the series D preferred stock in the unlisted investment fund from independent parties, which was assumed to be conducted at arm's length basis, were more appropriate to derive out the fair value of the unlisted investment fund by using the backsolve method under market approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(b) FAIR VALUE MEASUREMENTS *(continued)*

(ii) *Investment properties measured at fair value*

	Notes	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
At 30 June 2023					
Investment properties	14	280,900	–	–	280,900
At 30 June 2022					
Investment properties	14	295,100	–	–	295,100

As mentioned in note 14 to the consolidated financial statements, the Group has engaged independent professional valuers to assess the fair value of its investment properties at the end of the reporting period. In measuring the fair value of the investment properties located in Hong Kong as at 30 June 2023, the direct comparison approach had been adopted which was consistent with the approach adopted in 2022. During the years ended 30 June 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements. There were no transfer into and out of Level 3 fair value measurements during the year ended 30 June 2023. During the year ended 30 June 2022, HK\$295,100,000 were transferred from Level 2 to Level 3 fair value measurements.

The movements of the fair value measurements categorised as Level 3 of the fair value hierarchy during the year ended 30 June 2023 are as follows:

Movements in Level 3 fair value measurements

	Investment properties	
	2023 HK\$'000	2022 HK\$'000
At the beginning of the reporting period	295,100	–
Transfer to Level 3	–	295,100
Decrease in fair value, recognised in profit or loss	(14,200)	–
At the end of the reporting period	280,900	295,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(b) FAIR VALUE MEASUREMENTS *(continued)*

(ii) *Investment properties measured at fair value (continued)*

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurements

The quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Fair value at 30 June		Valuation techniques	Unobservable inputs	Sensitivity of fair value to changes in unobservable inputs
	2023 HK\$'000	2022 HK\$'000			
Investment properties at fair value					
Investment properties	280,900	295,100	Direct comparison approach	Market unit rate between HK\$33,000/sq.ft. to HK\$46,000/sq.ft.	If the market unit rate increased/decreased by 5% (2022:5%), the fair value of investment properties would increase/decrease by HK\$14,045,000 (2022: HK\$14,755,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. FINANCIAL INSTRUMENTS *(continued)*

(b) FAIR VALUE MEASUREMENTS *(continued)*

(iii) *Financial assets and liabilities not measured at fair value*

The carrying amounts of the financial assets and liabilities of the Group carried at amounts other than fair values are not materially different from their fair values at the end of the reporting period.

The carrying amounts of each of the following categories of financial assets and financial liabilities are set out as follows:

	2023	2022
	HK\$'000	HK\$'000
<i>Financial assets measured at amortised cost:</i>		
Other receivables (excluding prepayments)	28,657	49,374
Restricted bank deposits	21,411	18,217
Cash and cash equivalents	20,609	60,474
	70,677	128,065
<i>Financial liabilities measured at amortised cost:</i>		
Accounts and other payables (excluding deposits received and contract liabilities)	164,376	128,639
Interest-bearing borrowings	210,124	244,218
	374,500	372,857

4. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure, to reduce the cost of capital and to support the Group's stability and growth.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 30 June 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. REVENUE

	2023 HK\$'000	2022 HK\$'000
Revenue		
<i>Revenue from contracts with customers within HKFRS 15:</i>		
Sale of properties in the PRC – at a point in time and fixed price	88,186	4,705
<i>Revenue from other sources:</i>		
Gross rental income from investment properties	4,823	4,406
Interest income from financial assets at FVPL	452	1,404
Dividend income from financial assets at FVPL	212	616
	5,487	6,426
	93,673	11,131
Other revenue		
Bank interest income	296	86
Loan interest income	668	2,098
Other interest income	2	–
	966	2,184
	94,639	13,315

6. OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Management fee income	1,237	1,157
Sundry income	1,386	560
	2,623	1,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

7. SEGMENT INFORMATION

Management identifies operating segments based on internal reports that are regularly reviewed by the chief operating decision makers, who are the executive directors of the Company, for the purposes of allocating resources to segments and assessing their performance. The executive directors of the Company consider resort and property development, property investment and investment holding are the Group's major operating segments. The resort and property development segment includes properties under development and properties held for sales during the year. The property investment segment includes mainly commercial properties that are held for capital appreciation or earning rental income. The investment holding segment includes holding of investment funds, equity securities, debt instruments and other assets. No operating segments have been aggregated.

Segment revenue and results for the year ended 30 June 2023 are presented below:

	Resort and property development	Property investment	Investment holding	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	88,186	4,823	664	93,673
Other revenue and income	1,392	965	100	2,457
	89,578	5,788	764	96,130
Results				
Segment results	5,546	(12,833)	(31,174)	(38,461)
Unallocated corporate income				9,582
Unallocated corporate expenses				(8,526)
Finance costs				(9,429)
Loss before taxation				(46,834)
Taxation				3,168
Loss for the year				(43,666)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

7. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities as at 30 June 2023 and other segment information for the year ended 30 June 2023 are presented below:

	Resort and property development HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Assets	756,532	283,397	177,211	1,217,140	82,678	1,299,818
Liabilities	(280,966)	(204,275)	(160)	(485,401)	(12,270)	(497,671)
Other segment information:						
Additions to property, plant and equipment	7	-	-	7	25	32
Depreciation – Property, plant and equipment	(37)	-	(17)	(54)	(2,322)	(2,376)
Net loss on disposal of financial assets at FVPL	-	-	(889)	(889)	-	(889)
Net decrease in fair value of financial assets at FVPL	-	-	(29,123)	(29,123)	-	(29,123)
Net decrease in fair value of investment properties	-	(14,200)	-	(14,200)	-	(14,200)
Reversal of impairment loss on loans and interest receivables	-	-	-	-	8,450	8,450
Write-off of property, plant and equipment	(4)	-	-	(4)	-	(4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

7. SEGMENT INFORMATION *(continued)*

Segment revenue and results for the year ended 30 June 2022 are presented below:

	Resort and property development HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Total HK\$'000
Revenue	4,705	4,406	2,020	11,131
Other revenue and income	511	891	40	1,442
	<u>5,216</u>	<u>5,297</u>	<u>2,060</u>	<u>12,573</u>
Results				
Segment results	<u>(17,487)</u>	<u>(21,580)</u>	<u>(127,764)</u>	(166,831)
Unallocated corporate income				21,077
Unallocated corporate expenses				(10,210)
Finance costs				<u>(5,472)</u>
Loss before taxation				(161,436)
Taxation				<u>(1,441)</u>
Loss for the year				<u><u>(162,877)</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

7. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities as at 30 June 2022 and other segment information for the year ended 30 June 2022 are presented below:

	Resort and property development HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Assets	780,502	299,103	266,147	1,345,752	90,607	1,436,359
Liabilities	(316,661)	(234,113)	(179)	(550,953)	(12,419)	(563,372)
Other segment information:						
Additions to property, plant and equipment	110	–	–	110	2,325	2,435
Depreciation						
– Property, plant and equipment	(39)	–	(52)	(91)	(2,163)	(2,254)
– Right-of-use assets	–	–	–	–	(285)	(285)
Net gain on disposal of financial assets at FVPL	–	–	937	937	–	937
Net decrease in fair value of financial assets at FVPL	–	–	(128,823)	(128,823)	–	(128,823)
Net decrease in fair value of investment properties	–	(21,600)	–	(21,600)	–	(21,600)
Reversal of impairment loss on loans and interest receivables	–	–	–	–	18,618	18,618
Impairment loss on other receivables	(580)	–	–	(580)	–	(580)
Write-off of property, plant and equipment	(57)	–	–	(57)	(240)	(297)

There was no revenue generated from inter-segment transactions for both years. Revenue from resort and property development segment reported above represents sale of properties in the PRC to external customers. Revenue from the property investment segment reported above represents rental income earned from external customers. Segment results represent profit or loss attributable to each segment without allocation of corporate income, central administration expenses, finance costs and income tax expenses. Total assets and liabilities represent all assets and liabilities under each segment together with unallocated corporate assets and liabilities other than those that have been eliminated on consolidation.

All assets are allocated to the operating and reportable segments except for certain property and equipment of self-occupied properties, certain other receivables and certain cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

7. SEGMENT INFORMATION *(continued)*

GEOGRAPHICAL INFORMATION

The Group's operations are principally located in Hong Kong and the PRC (other than Hong Kong).

The following table provides an analysis of the Group's revenue from external customers by geographical market. For interest income from financial assets at FVPL, the analysis is based on the location of the markets of the respective investments.

	Revenue by geographical market	
	2023 HK\$'000	2022 HK\$'000
Hong Kong	5,415	6,312
The PRC	88,258	4,819
	93,673	11,131

The following is an analysis of the carrying amounts of non-current assets by geographical area in which the assets are located:

	Carrying amounts of non-current assets	
	2023 HK\$'000	2022 HK\$'000
Hong Kong	349,114	365,627
The PRC	71	113
	349,185	365,740

Non-current assets presented above exclude financial assets. The Group does not have net deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

INFORMATION ABOUT MAJOR CUSTOMERS

None of the external customers contributed 10% or more of the revenue of the Group for the years ended 30 June 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest expenses on bank and other borrowings	9,429	5,471
Interest expenses on lease liabilities	–	1
	9,429	5,472

9. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	2023 HK\$'000	2022 HK\$'000
Staff costs, including directors' emoluments		
Salaries and other benefits	11,709	10,092
Retirement benefit scheme contributions	725	684
	12,434	10,776
Other items		
Auditor's remuneration		
– Audit service	920	860
– Non-audit related service	95	91
Cost of inventories	70,170	3,917
Depreciation		
– Property, plant and equipment	2,376	2,254
– Right-of-use assets	–	285
Direct operating expenses relating to investment properties that did not generate rental income	277	262
Exchange loss (gain), net	164	(366)
Write-off of property, plant and equipment	4	297
Lease payments for short-term leases	–	720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

10. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for tax purpose for both years.

The PRC Enterprise Income Tax ("EIT") in respect of operations in the PRC is calculated at a rate 25% (2022: 25%) on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. EIT has not been provided for the year ended 30 June 2023 as the Group's estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years. For the year ended 30 June 2022, EIT was not provided as the Group incurred a loss for tax purposes.

The PRC Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is deductible expenses for EIT purposes.

The net tax comprises:

Current year

LAT

Deferred taxation

(Reversal of) Provision for temporary differences (note 27)

Tax (credit) expenses for the year

	2023 HK\$'000	2022 HK\$'000
LAT	1,730	–
Deferred taxation	(4,898)	1,441
Tax (credit) expenses for the year	(3,168)	1,441

Reconciliation of tax (credit) expenses

Loss before taxation

Income tax at application tax rate

Tax effect of expenses not deductible in determining taxable profit

Tax effect of income not taxable in determining taxable profit

Unrecognised tax losses

Utilisation of previously unrecognised tax losses

Unrecognised temporary differences

Utilisation of previously unrecognised temporary differences

LAT

EIT effect of LAT

Others

Tax (credit) expenses for the year

	2023 HK\$'000	2022 HK\$'000
Loss before taxation	(46,834)	(161,436)
Income tax at application tax rate	(9,227)	(27,994)
Tax effect of expenses not deductible in determining taxable profit	5,443	25,505
Tax effect of income not taxable in determining taxable profit	(1,345)	(3,362)
Unrecognised tax losses	2,386	5,966
Utilisation of previously unrecognised tax losses	(3,817)	–
Unrecognised temporary differences	2,095	1,788
Utilisation of previously unrecognised temporary differences	–	(44)
LAT	1,730	–
EIT effect of LAT	(433)	–
Others	–	(418)
Tax (credit) expenses for the year	(3,168)	1,441

The applicable tax rate is the weighted average of rates prevailing in the territories in which the Group entities operate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) DIRECTORS' EMOLUMENTS

For the years ended 30 June 2023 and 2022, the emoluments paid or payable to directors were as follows:

	Year ended 30 June 2023	Year ended 30 June 2022	Wu Zhanming HK\$'000	Wu Tao HK\$'000 (Note i)	Yao Wei Rong HK\$'000 (Note i)	Zhu Xinhui HK\$'000 (Note i)	Lau Chi Keung HK\$'000 (Note ii)	Yu Tat Chi, Michael HK\$'000	Chiu Kit Man, Calvin HK\$'000 (Note iii)	Chan Kin Keung, Eugene HK\$'000 (Note iv)	Total HK\$'000
Fees	240	240	240	-	240	-	360	322	1	1,403	
Other emoluments	1,032	744	-	-	-	-	-	-	-	-	1,776
Salaries and other benefits	106	86	-	-	-	-	-	-	-	-	192
Discretionary bonus	8	-	-	-	-	-	-	-	-	-	8
Retirement benefit scheme contributions											
Total emoluments	1,386	1,070	-	240	360	322	1	3,379			
Fees	240	240	201	39	157	360	-	1,597			
Other emoluments	1,035	131	3	-	-	3	-	1,175			
Salaries and other benefits	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit scheme contributions											
Total emoluments	1,275	371	204	39	157	363	-	2,772			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(a) DIRECTORS' EMOLUMENTS (continued)

Notes:

- (i) On 3 May 2022, Mr. Wu Tao was re-designated from non-executive director to executive director of the Company. On the same date, Mr. Yao Wei Rong resigned and Mr. Zhu Xinhui was appointed as an independent non-executive director of the Company.
- (ii) On 7 December 2022, Mr. Lau Chi Keung retired as an independent non-executive director of the Company.
- (iii) On 23 May 2023, Mr. Chiu Kit Man, Calvin resigned as an independent non-executive director of the Company.
- (iv) On 29 June 2023, Mr. Chan Kin Keung, Eugene appointed as an independent non-executive director of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 30 June 2023 and 2022. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as a compensation for loss of office for the years ended 30 June 2023 and 2022.

(b) EMPLOYEES' EMOLUMENTS

The five highest paid individuals included two directors (2022: one director) of the Company, details of whose emoluments are set out in (a) above. The emoluments of the remaining three (2022: four) individuals are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries and other benefits	2,755	3,261
Discretionary bonus	310	–
Retirement benefits scheme contributions	53	29
	3,118	3,290

The three (2022: four) highest paid individuals' remuneration falls within the following bands:

	Number of employees	
	2023	2022
Nil to HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	1	1

During the years ended 30 June 2023 and 2022, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as a compensation for loss of office. During the years ended 30 June 2023 and 2022, none of the highest paid individuals waived or agreed to waive any emoluments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

12. LOSS PER SHARE

The calculation of the basic loss per share attributable to the equity holders of the Company is based on the following data:

	2023	2022
	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company, for the purposes of calculating basic loss per share	(43,449)	(162,877)
	2023	2022
	No. of shares	No. of shares
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	2,505,105,739	2,505,105,739

For the years ended 30 June 2023 and 2022, diluted loss per share is the same as basic loss per share. The Company did not have any dilutive potential ordinary shares during the years ended 30 June 2023 and 2022.

13. DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 30 June 2023 (2022: Nil).

14. INVESTMENT PROPERTIES

	2023	2022
	HK\$'000	HK\$'000
Fair value		
At the beginning of the reporting period	295,100	316,700
Decrease in fair value	(14,200)	(21,600)
At the end of the reporting period	280,900	295,100

Notes:

- (a) At the end of the reporting period, the Group's investment properties with a carrying value of HK\$280,900,000 (2022: HK\$295,100,000) were pledged to secure bank borrowings (note 23(a)) and bank facilities granted to the Group.
- (b) The investment properties held at the end of both reporting periods were valued by AVISTA Valuation Advisory Limited, an independent professional valuer. The valuation, which conforms to the Hong Kong Institute of Surveyors Valuation Standards on Properties, was conducted on an open market basis by the direct comparison approach assuming sale with the benefit of vacant possession or by making reference to comparable sale evidence as available in the relevant market. Sales prices of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age, were used to value the properties. The most significant input used in this valuation approach is price per square foot.

All of the Group's property interests held under leases to earn rental or for capital appreciation purposes are measured using the fair value model and are classified as investment properties.
- (c) The investment properties of the Group are situated in Hong Kong, with remaining unexpired lease term of 36 years (2022: 37 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

14. INVESTMENT PROPERTIES *(continued)*

LEASING ARRANGEMENT – AS LESSOR

Certain investment properties are leased to tenants for a term ranging from 1 to 2 years. The leases provide the lessees with option to renew the leases upon expiry. Monthly rental charges consist of fixed payments. The tenants also bear the management fees.

The lease income from operating leases is set out in note 5 to the consolidated financial statements.

Properties under leases are subject to residual value risk. The lease contracts, as a result, include a provision based on which the Group has the right to charge the tenants for any damages to the investment properties at the end of the leases. Besides, the Group has purchased insurance to protect it against any losses that may arise from accidents or physical damages of the properties.

Below is a maturity analysis of undiscounted lease payments to be received from the investment properties under operating leases.

	2023	2022
	HK\$'000	HK\$'000
Year 1	2,483	2,905
Year 2	353	1,318
	2,836	4,223

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000
Cost				
At 1 July 2021	71,300	512	603	72,415
Additions	–	1,231	1,204	2,435
Write-off	–	(512)	(325)	(837)
Exchange realignment	–	–	(9)	(9)
	71,300	1,231	1,473	74,004
At 30 June 2022 and 1 July 2022	–	–	32	32
Additions	–	–	(87)	(87)
Write-off	–	–	(22)	(22)
Exchange realignment	–	–	–	–
	71,300	1,231	1,396	73,927
Accumulated depreciation				
At 1 July 2021	934	256	466	1,656
Charge for the year	1,868	198	188	2,254
Write-off	–	(290)	(250)	(540)
Exchange realignment	–	–	(6)	(6)
	2,802	164	398	3,364
At 30 June 2022 and 1 July 2022	–	–	(83)	(83)
Charge for the year	1,868	246	262	2,376
Write-off	–	–	(15)	(15)
Exchange realignment	–	–	–	–
	4,670	410	562	5,642
Net carrying values				
At 30 June 2023	66,630	821	834	68,285
At 30 June 2022	68,498	1,067	1,075	70,640

Note:

At the end of the reporting period, the Group's land and buildings with carrying value of HK\$66,630,000 (2022: HK\$68,498,000) were pledged to secure bank borrowings (note 23(a)) and bank facilities granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

16. DESIGNATED FVOCI

	2023	2022
	HK\$'000	HK\$'000
At fair value		
Listed equity securities – Hong Kong	119	175

The fair value of the listed equity securities is determined on the basis of quoted market price at the end of the reporting period.

17. FINANCIAL ASSETS AT FVPL

	Notes	2023	2022
		HK\$'000	HK\$'000
Unlisted investment funds	(a)	92,500	97,871
Listed equity securities	(b)		
– Hong Kong		50,530	79,337
– the PRC		2,260	3,995
– Overseas		829	932
Listed debt instruments	(c)		
– Hong Kong		639	997
– Overseas		414	1,142
		147,172	184,274

Notes:

(a) The unlisted investment funds mainly comprise:

- (i) At the end of the reporting period, the unlisted investment funds represented 100% Class A participating, redeemable, non-voting shares of Green Asia Restructure SP and 100% Class A participating, redeemable, non-voting shares of Green Asia Restructure SP II (the "Green Asia Funds") with carrying amount of approximately HK\$7,767,000 (2022: approximately HK\$21,394,000) and HK\$7,452,000 (2022: approximately HK\$11,783,000). The Green Asia Funds are segregated portfolios held by a third party of the Group, Green Asia Restructure Fund SPC, an exempted company incorporated in the Cayman Islands with limited liability ("Green Asia"), which is managed by a third party of the Group, Long Asia Asset Management Limited, a company incorporated in the Cayman Islands with limited liability.

Green Asia is registered as segregated portfolio company in the Cayman Islands. The investment objective of Green Asia is capital appreciation by investing in the business of originating, underwriting, acquiring and trading debt securities and loans in listed and unlisted corporate, which may be publicly traded or privately placed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

17. FINANCIAL ASSETS AT FVPL (continued)

Notes: (continued)

(a) The unlisted investment funds mainly comprise of: (Continued)

(i) (Continued)

On 18 January 2022, the Group issued redemption notices to Green Asia to redeem 4,200 Class A shares of the Green Asia Funds with aggregate redemption proceeds of HK\$30,497,000. In view of the failure in settlement of the redemption proceeds by Green Asia, the Group had filed petitions to the Grand Court of the Cayman Islands (the "Grand Court") against Green Asia. Consequently, Mr. Lai Kar Yan and Mr. Chan Man Hoi of Deloitte Touche Tohmatsu and Mr. Michael Green of Deloitte & Touche LLP were appointed jointly and severally as receivers of the Green Asia Funds by the order from the Grand Court on 6 July 2022. HK\$21,918,000 (2022: HK\$30,497,000) of the redemption proceeds have been included and recognised as "other receivables" as at 30 June 2023.

At the end of the reporting period, the fair value of the Group's investments in Green Asia Funds amounted to approximately HK\$15,219,000 (2022: HK\$33,177,000), which was determined by the management with reference to the valuation report on Green Asia Funds issued by an independent professional valuer, APAC Appraisal and Consulting Limited, based on the net asset value of the Green Asia Funds at the end of the reporting period.

(ii) At the end of the reporting period, included in the unlisted investment funds were 5,000,000 participating and non-voting shares of Jinshan Portfolio (the "Jinshan Portfolios") at a total subscription amount of US\$5,000,000, which represented approximately 16.67% (2022: 16.67%) of Jinshan Portfolios under Huangpu River Capital SPC (the "Huangpu River Fund").

The Huangpu River Fund is an exempted company incorporated with limited liability and registered as segregated portfolio company in the Cayman Islands. The investment objective of the Huangpu River Fund is capital appreciation by investing the series C preferred stock of Beijing Horizon Robotics Technology R&D Co., Ltd., which is principally engaged in the business of the development and manufacturing of intelligent processors based on artificial intelligence algorithms, the development of relevant software and hardware, and the provision of cloud services.

At the end of the reporting period, the fair value of the Group's investments in the Huangpu River Fund amounted to approximately HK\$53,659,000 (2022: HK\$36,258,000), which was based on the backsolve method under market approach (2022: *trending analysis*) evaluated by an independent professional valuer, AVISTA Valuation Advisory Limited.

(b) The fair value of listed equity securities is mainly based on quoted market prices in active market in both years.

At the end of the reporting period, financial assets at FVPL with carrying amounts of approximately HK\$27,244,000 (2022: HK\$21,052,000) were pledged as collateral to the margin loan facilities granted to the Group, together with a corporate guarantee provided by the Company. No (2022: No) margin loan facilities were utilised and outstanding at the end of the reporting period.

(c) At the end of the reporting period, the Group held debt instruments listed in Hong Kong and overseas amounting to approximately HK\$639,000 (2022: HK\$997,000) and HK\$414,000 (2022: HK\$1,142,000) respectively, which bore fixed interest at 7.25% (2022: 7.25%) and 7.25% (2022: 7.25%) per annum respectively. The fair value of these debt instruments at the end of the reporting period was determined on the basis of quoted market price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

18. PROPERTIES UNDER DEVELOPMENT

	2023 HK\$'000	2022 HK\$'000
Properties under development ("PUD")	–	709,151
Write-down to net realisable value	–	(77,661)
	–	631,490

The PUD were located in the PRC and held under lease term of 40 years from 2014 to 2053.

The construction of the PUD was completed and the costs of which were transferred to PHS during the year.

19. PROPERTIES HELD FOR SALES

	2023 HK\$'000	2022 HK\$'000
Properties held for sales ("PHS")	800,289	120,404
Write-down to net realisable value	(72,393)	–
	727,896	120,404

All PHS are located in the PRC and held under lease term of 40 years from 2014 to 2053.

The net realisable value of PHS was determined by the management with reference to the valuation performed by AVISTA Valuation Advisory Limited. The valuation adopted the residual method, which is based on the completed gross development value after deducting the estimated costs necessary to make the sale.

As at 30 June 2023, certain PHS with carrying amounts of approximately RMB30,097,000 (equivalent to approximately HK\$32,884,000) (2022: *n/a*) were frozen by the court in Wuxi, the PRC in relation to a claim against the Group, as further detailed in note 33 to these consolidated financial statements.

At the end of the reporting period, none (2022: *none*) of the PHS were expected to be recovered after more than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

20. OTHER RECEIVABLES

	Notes	2023 HK\$'000	2022 HK\$'000
Loans and interest receivables	(a)	19,394	44,703
Loss allowances	(b)	(19,394)	(27,844)
		–	16,859
Other receivables	(c)	33,247	37,307
Loss allowances	(b)	(4,917)	(5,274)
		28,330	32,033
Deposits and prepayments		5,096	6,693
		33,426	55,585

Notes:

- (a) As at 30 June 2022, a loan with principal amount of HK\$15,500,000 granted to a third-party borrower was unsecured, bearing fixed interest rate at 4% per annum and overdue more than 24 months. The loan was fully settled during the year.

As at the end of the reporting period, the loans with principal amount of HK\$19,394,000 (2022: HK\$27,744,000) granted to another third-party borrower, in which the spouse of Mr. Yuen Chi Ping, a former director of the Company, has equity interest and had been a director until she resigned on 14 December 2019, were unsecured and bearing fixed interest rate at 4% (2022: 4%) per annum. Pursuant to the extension arrangement dated 8 September 2021, the Group has agreed to further extend the repayment date in the following manner: (i) HK\$3,000,000 on or before 31 January 2022, which had been repaid during the year ended 30 June 2022; and (ii) the remaining balance on or before 30 September 2022.

The principal amount and interest receivables of HK\$8,450,000 had been settled during the year and the remaining balance of HK\$19,394,000 was overdue. In view of the default in settlement of the remaining balance, the Group had filed petitions to the High Court of the Hong Kong Special Administrative Region in February 2023 for compulsory winding up of the borrower. On 20 September 2023, the court order to wind up the borrower was granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

20. OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

- (b) The movement in the loss allowances for the loans and interest receivables during the year is summarised below.

	2023 HK\$'000	2022 HK\$'000
Loss allowances for loans and interest receivables		
At the beginning of the reporting period	27,844	46,462
Decrease in allowances	(8,450)	(18,618)
At the end of the reporting period	19,394	27,844

The movements in the loss allowance for the other receivables during the year are summarised below.

	2023 HK\$'000	2022 HK\$'000
Loss allowances for other receivables		
At the beginning of the reporting period	5,274	5,413
Increase in allowances	–	580
Write-off	–	(580)
Exchange realignment	(357)	(139)
At the end of the reporting period	4,917	5,274

Information about the Group's exposure to credit risks and loss allowances on loans and interest receivables and other receivables is included in note 3(a) to the consolidated financial statements.

- (c) Included in the other receivables are the redemption proceeds of HK\$21,918,000 (2022: HK\$30,497,000) as detailed in note 17(a) to the consolidated financial statements. The amounts of redemption proceed were unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

21. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Notes	2023 HK\$'000	2022 HK\$'000
Cash at banks and on hand	(a)	37,402	54,863
Cash at securities brokers	(b)	4,618	23,828
		42,020	78,691
Less: Restricted bank deposits under			
– Designated bank account for construction of properties	(c)	(21,204)	(18,217)
– Other		(207)	–
	(d)	(21,411)	(18,217)
As per consolidated statements of financial position and cash flows		20,609	60,474

Notes:

- (a) Cash at banks and on hand comprise bank balances held by the Group that bear interest at prevailing market interest rates.
- (b) Cash at securities brokers comprise cash balances held by the Group that bear interest at prevailing market interest rates.
- (c) In accordance with relevant policies issued by the PRC Local State-owned Land and Resource Bureau applicable to all property developers, the Group is required to place certain of the proceeds received from the pre-sale to designated accounts maintained with a bank. The restriction will be released when the real estate certificates were obtained. The restricted cash earns interest at floating daily bank deposit rates.
- As at 30 June 2022, RMB650,000 (equivalent to HK\$762,000) was attached, seized and frozen in an arbitration proceeding because of the delay in the transfer of the properties to customers. The disputes had been settled during the year.
- (d) As at 30 June 2023, bank deposits of approximately RMB19,591,000 (equivalent to HK\$21,405,000) (2022: n/a), majority of which were kept in the designated bank account for construction of properties, were frozen by the court in Wuxi, the PRC in relation to a claim against the Group, as further detailed in note 33 to these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

22. ACCOUNTS AND OTHER PAYABLES

	Notes	2023 HK\$'000	2022 HK\$'000
Accounts payable			
To third parties	(a)	145,690	79,134
Other payables			
Accrued charges and other creditors		18,686	17,783
Deposits received		190	2,548
Contract liabilities	(b)	25,042	86,368
Provision for land transfer fees	(c)	–	31,722
		43,918	138,421
		189,608	217,555

Notes:

- (a) The ageing analysis of accounts payable of the Group is presented based on recognition date at the end of the reporting period as follows:

	2023 HK\$'000	2022 HK\$'000
0-180 days	8,030	18,659
181-365 days	46,907	17,975
Over 365 days	90,753	42,500
	145,690	79,134

- (b) Contract liabilities
The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2023 HK\$'000	2022 HK\$'000
At the beginning of the reporting period	86,368	79,358
Receipt in advance	5,314	11,891
Recognised as revenue	(62,508)	(2,560)
Exchange realignment	(4,132)	(2,321)
At the end of the reporting period	25,042	86,368

At the end of the reporting period, none (2022: none) of the contract liabilities were expected to be settled after more than 12 months.

- (c) The amounts were unsecured, interest-free and fully settled during the year ended 30 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

23. INTEREST-BEARING BORROWINGS

	Notes	2023 HK\$'000	2022 HK\$'000
Current portion			
Bank borrowings, secured	(a)	202,190	232,190
Other borrowings, unsecured	(b)	7,934	12,028
		210,124	244,218

Notes:

- (a) At the end of the reporting period, the Group's bank borrowings carried interest at 2.25% above Hong Kong Interbank Offered Rate (2022: 2.25% above Hong Kong Interbank Offered Rate) and were repayable in lump sum in November 2023 (2022: November 2023). The effective interest rate during the year was 4.24% (2022: 2.13%) per annum. As the bank borrowings contain a clause in their terms that gives the bank an overriding right to demand for repayment without notice at its sole discretion, the bank borrowings are classified as current liabilities even though the directors do not expect that the bank would exercise its rights to demand repayment before the scheduled due date. The bank borrowings are secured by the assets of the Group as follows:
- (i) pledge of investment properties and property, plant and equipment of the Group with carrying amounts of approximately HK\$280,900,000 (2022: HK\$295,100,000) and HK\$66,630,000 (2022: HK\$68,498,000) respectively;
 - (ii) assignment agreements in respect of rental income of the Group's investment properties duly executed by the Group in favour of the bank. During the year ended 30 June 2023, rental income of approximately HK\$4,823,000 (2022: approximately HK\$4,406,000) was generated from the investment properties; and
 - (iii) assignment agreements in respect of insurance compensation of the Group's investment properties duly executed by the Group in favour of the bank.
- (b) At the end of the reporting period, the Group's other borrowings were unsecured and bearing fixed interest at 10% (2022: 6.5% to 10%) per annum and repayable within twelve months.

24. SHARE CAPITAL

	2023		2022	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
At the beginning and the end of the reporting period, ordinary shares of HK\$0.01 each	6,000,000,000	60,000	6,000,000,000	60,000
Issued and fully paid:				
At the beginning and the end of the reporting period, ordinary shares of HK\$0.01 each	2,505,105,739	25,051	2,505,105,739	25,051

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

25. RESERVES

- (a) Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value. The application of the share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda (as amended).
- (b) The non-recycling investment revaluation reserve comprises the cumulative net change in the fair value of Designated FVOCI at the end of the reporting period and is dealt with in accordance with the accounting policies adopted.
- (c) Capital redemption reserve has been set up and is dealt with for repurchases and cancellations of the Company's own shares. The application of the capital redemption reserve is governed by Section 42A of the Companies Act 1981 Bermuda (as amended).
- (d) Capital reserve represents contributed surplus arising from the cancellation of share premium account of the Company pursuant to a special resolution passed by the Company on 22 February 1999 and waivers of loans from the then minority shareholders of subsidiaries of the Company during the years ended 30 June 2006 and 2008.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
 - (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.
- (e) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

26. SHARE-BASED PAYMENTS

The Company adopted a share option scheme on 15 November 2012 (the "Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Board of Directors may, at its discretion, grant options to any employees, including executive directors, or consultants, agents, financial or legal advisors of the Company and/or its subsidiaries, to subscribe for shares of the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of adoption of the Scheme (the "Scheme Mandate Limit") or the date of any shareholders' meeting in refreshing the Scheme Mandate Limit, if applicable. Unless approved by the shareholders of the Company, the number of shares in respect of which options may be granted to any individual is not permitted to exceed the higher of 1% of the number of shares issued and issuable under the Scheme or any other limit as may be permitted under the Listing Rules.

Any grant of options under the Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK\$5 million, in any 12-month period, are subject to shareholders' approval in a general meeting of the Company.

Options granted must be taken up within 30 days of the date of grant, upon payment of HK\$1 by the grantee on each acceptance of grant. There is no vesting period for the options granted. Options may be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board of Directors may at its discretion to determine the specific exercise period. The exercise price is determined by the Board of Directors, and will be the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Pursuant to an ordinary resolution passed in Annual General Meeting ("AGM") on 16 November 2017, the refreshment of the Scheme Mandate Limit (the "Refreshment") was proposed and passed by shareholders. The total number of shares which may be issued upon exercise of the options to be granted under the Refreshment must not exceed 250,510,574 shares, representing 10% of the issued share capital of the Company at the date of the AGM approving the proposed refreshment.

The directors and employees of the Company and its subsidiaries are entitled to participate in the Scheme. As at 30 June 2023, the total number of shares available for issue under the Scheme was 250,510,574 (2022: 250,510,574) shares, which represented approximately 10% (2022: 10%) of the Company's issued share capital.

During the years ended 30 June 2023 and 2022, no share options had been granted. There were no share options outstanding as at 30 June 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

27. DEFERRED TAXATION

The movements for the year in the Group's net deferred tax liabilities are as follows:

	2023	2022
	HK\$'000	HK\$'000
At the beginning of the reporting period	100,611	101,517
(Credit) Charge to profit or loss (<i>note 10</i>)	(4,898)	1,441
Exchange realignment	136	(2,347)
	<hr/>	<hr/>
At the end of the reporting period	95,849	100,611

Recognised deferred tax assets (liabilities) at the end of the reporting period represent the following:

	Assets		Liabilities	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation allowances	–	–	(3,105)	(2,978)
Fair value adjustment arising from the transfer of investment properties to land and buildings under property, plant and equipment	–	–	(9,010)	(9,319)
Fair value adjustment on PUD and PHS	–	–	(84,740)	(89,092)
Tax losses	1,006	778	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax assets (liabilities)	1,006	778	(96,855)	(101,389)
Offsetting	(1,006)	(778)	1,006	778
	<hr/>	<hr/>	<hr/>	<hr/>
Net deferred tax liabilities	–	–	(95,849)	(100,611)
	<hr/>	<hr/>	<hr/>	<hr/>
Amount expected to be recovered/ settled after 12 months	–	–	(95,849)	(100,611)

The balance represented deferred tax on the fair value adjustment on the PHS (*2022: PUD and PHS*) arising from the acquisition of a subsidiary and accelerated tax depreciation offsetting against unused tax losses recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

27. DEFERRED TAXATION *(continued)*

UNRECOGNISED DEFERRED TAX ASSETS

	2023 HK\$'000	2022 HK\$'000
Tax losses arising in Hong Kong	282,502	268,043
Tax losses arising in the PRC	356	15,622
	282,858	283,665

At the end of the reporting period, the Group had unused tax losses of approximately HK\$282,502,000 (2022: HK\$268,043,000) available for offset against future taxable profits in Hong Kong. No deferred tax assets in respect of these items have been recognised due to the unpredictability of future profit streams. Neither the tax losses nor the deductible temporary differences expire under current tax legislation in Hong Kong.

In addition, at the end of the reporting period, the Group had the following tax losses arising in the PRC that can be offset against future taxable profits of the respective subsidiaries for a maximum of 5 years from the year in which the tax losses were incurred:

	2023 HK\$'000	2022 HK\$'000
Year of expiry		
2025	–	3,650
2026	356	11,972
	356	15,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

28. OTHER CASH FLOW INFORMATION

Details of the changes in the Group's liabilities from financing activities are as follows:

	Interest- bearing borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
2023			
At the beginning of the reporting period	244,218	–	244,218
Exchange realignment	(714)	–	(714)
Cash outflow in financing activities:			
Repayment of bank and other borrowings	(33,380)	–	(33,380)
At the end of the reporting period	210,124	–	210,124
2022			
At the beginning of the reporting period	292,956	297	293,253
Interest expenses	–	1	1
Exchange realignment	(278)	–	(278)
Cash inflow (outflow) in financing activities:			
Interest paid	–	(1)	(1)
New other borrowings raised	6,044	–	6,044
Repayment of bank and other borrowings	(54,504)	–	(54,504)
Repayment of lease liabilities	–	(297)	(297)
At the end of the reporting period	244,218	–	244,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

29. COMMITMENTS

At the end of the reporting period, the Group had the following commitments for expenditure:

	2023 HK\$'000	2022 HK\$'000
Contracted but not provided for:		
– Expenditure for the PUD	–	73,474
– Air-conditioning work for the PHS	19,667	–
	<u>19,667</u>	<u>73,474</u>

30. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, during the year, the Group had the following transaction with related parties.

Relationship	Nature of transactions	2023 HK\$'000	2022 HK\$'000
The Company's director, Mr. Wu Tao was the beneficial owner of the related party	Consultancy fee	–	775

(b) REMUNERATION TO KEY MANAGEMENT PERSONNEL

There was no remuneration to members of key management other than directors as disclosed in note 11 to the consolidated financial statements for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Interests in subsidiaries	31(a)	842,902	845,310
Current assets			
Other receivables		746	480
Bank balances and cash		5,444	1,759
		6,190	2,239
Current liabilities			
Other payables		913	663
Interest-bearing borrowings		202,190	232,190
		203,103	232,853
Net current liabilities		(196,913)	(230,614)
Total assets less current liabilities		645,989	614,696
Non-current liabilities			
Amount due to a subsidiary		134,573	97,581
Net assets		511,416	517,115
Capital and reserves			
Share capital	24	25,051	25,051
Reserves	31(b)	486,365	492,064
Total equity		511,416	517,115

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Information about the statement of financial position of the Company at the end of the reporting period is as follows: *(continued)*

(a) INTERESTS IN SUBSIDIARIES

	2023 HK\$'000	2022 HK\$'000
Unlisted shares, at cost	89,046	89,046
Amounts due from subsidiaries	806,140	805,208
	895,186	894,254
Allowance for impairment losses	(52,284)	(48,944)
	842,902	845,310

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment term. At the end of the reporting period, the carrying amounts of the amounts due approximate their fair values. The amounts due from subsidiaries are not expected to be realised in the next twelve months from the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

(a) INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries of the Company at the end of the reporting period are as follows:

Name of subsidiaries	Place of incorporation/ registration and operation/kind of legal entity	Nominal value of issued and paid-up share capital/ registered capital	Proportion of issued/paid up share capital/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Applied Investment (Asia) Limited	Hong Kong/limited liability company	Ordinary HK\$574,630,911	100%	–	Investing in funds, equity securities and debt instruments
Applied Hong Kong Properties Limited	Hong Kong/limited liability company	Ordinary HK\$500,000	–	100%	Investing in equity securities and property investment
Applied Talent Management Limited	Hong Kong/limited liability company	Ordinary HK\$1	–	100%	Provision of administrative and secretarial services
Dragon Gainer Investment Limited	Hong Kong/limited liability company	Ordinary HK\$1	–	100%	Provision of administrative and secretarial services
Dragon Bell Group Limited	British Virgin Islands/ limited liability company	Ordinary US\$1	100%	–	Investing in securities
Superform Investment Limited	Hong Kong/limited liability company	Ordinary HK\$102	–	100%	Property investment
無錫盛業海港股份有限公司 Wuxi Shengye Haigang Joint Stock Company Limited* ("Wuxi Shengye")	The PRC/wholly foreign owned enterprise	Registered capital RMB530,000,000 (2022: RMB486,800,000)/ Paid-up capital RMB517,724,000 (2022: RMB484,500,000) (Note)	–	100%	Property development
Novautek Autonomous Driving Limited ("Novautek")	Hong Kong/limited liability company	Ordinary HK\$10,000,000	–	51%	Autonomous driving
Novautek Capital Management Limited	Hong Kong/limited liability company	Ordinary HK\$2,000,000	–	51%	Advising on securities and asset management

Note:

On 24 August 2022, the Market and Quality Supervision Commission of Wuxi* (無錫市場監督管理局) (the "MQSC") approved the Group to increase the registered capital from RMB486,800,000 to RMB511,800,000. On 9 January 2023, the MQSC approved the Group to further increase the registered capital from RMB511,800,000 to RMB530,000,000.

The Group completed the capital injection of RMB2,224,000, RMB25,000,000 and RMB6,000,000 in August 2022, September 2022 and January 2023 respectively. At the date of the authorisation of these consolidated financial statements, the unpaid capital amounted to RMB12,276,000.

* For identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Information about the statement of financial position of the Company at the end of the reporting period is as follows: *(continued)*

(a) INTERESTS IN SUBSIDIARIES *(continued)*

None of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the year.

The above list includes the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of the year or assets and liabilities of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(b) MOVEMENTS OF RESERVES OF THE COMPANY

	Share premium HK\$'000 <i>(Note 25(a))</i>	Capital redemption reserve HK\$'000 <i>(Note 25(c))</i>	Capital reserve HK\$'000 <i>(Note 25(d))</i>	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2021	406,743	11,931	204,610	(143,598)	479,686
Profit for the year and total comprehensive income for the year	–	–	–	12,378	12,378
At 30 June 2022 and 1 July 2022	406,743	11,931	204,610	(131,220)	492,064
Loss for the year and total comprehensive loss for the year	–	–	–	(5,699)	(5,699)
At 30 June 2023	406,743	11,931	204,610	(136,919)	486,365

Subject to the conditions mentioned in notes 25 to the consolidated financial statements, the Company had reserves (including capital reserve and accumulated losses) totalling of approximately HK\$67,691,000 (2022: approximately HK\$73,390,000) available for distribution to shareholders at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

32. RETIREMENT BENEFIT SCHEMES

With effect from 1 December 2000, the Group has enrolled all its qualifying employees employed in Hong Kong into a mandatory provident fund scheme (the “MPF Scheme”). The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

In accordance with rules and regulations in the PRC, the employees of the Group’s entities established in the PRC are required to participate in defined contribution retirement plans organised by local government, whereby such Group entities are required to contribute a certain percentage of the basic salaries of their employees to fund their retirement benefits. Contributions to those plans are expensed as incurred. Other than the monthly contributions, the Group has no further obligation for the payment of the retirement benefits to its employees.

At the end of the reporting period, no forfeited contribution is available to reduce the contributions payable in future years.

The retirement benefits cost charged to profit or loss, as set out in note 9 to the consolidated financial statements, represents contributions payable to the schemes by the Group at rates specified in the rules of the MPF Scheme and the defined contribution retirement plans in the PRC.

33. CONTINGENT LIABILITIES

A wholly-owned subsidiary of the Company, Wuxi Shengye received a writ of summon issued by the People’s Court of Huishan District, Wuxi* (無錫市惠山區人民法院) (the “Court”) regarding a civil litigation (the “Litigation”) filed by Mr. Su Keru (the “Plaintiff”) against Mr. Chen Yonghua (“Mr. Chen”) and Wuxi Shengye as the defendants in June 2023.

In the statement of claim, it was alleged that, among others: (i) in December 2013, the Plaintiff paid the deposits for construction works of RMB20,000,000 (equivalent to approximately HK\$21,852,000) to Mr. Chen and Mr. Chen failed to refund such deposits to the Plaintiff despite all conditions for refund had been satisfied; (ii) in July 2015, the Plaintiff provided a loan of RMB20,000,000 (equivalent to approximately HK\$21,852,000) to Mr. Chen and Mr. Chen failed to repay such loan; and (iii) in May 2017, Wuxi Shengye acknowledged that such deposits and loan (together, the “Alleged Debt”) were used in its development projects and agreed to repay the Alleged Debt jointly with Mr. Chen.

The Plaintiff is seeking from the Court for ordering that (i) Mr. Chen and Wuxi Shengye to jointly repay the Alleged Debt of RMB40,000,000 (equivalent to approximately HK\$43,704,000) together with interests of approximately RMB34,300,000 (equivalent to approximately HK\$37,476,000) (calculated up to 13 April 2023); and (ii) Mr. Chen and Wuxi Shengye to bear the costs of the Litigation. In this connection, the Court has issued an order for the seizure and freezing of the bank deposits and other assets of Mr. Chen and Wuxi Shengye as property preservation measures.

As at the date of approval of these consolidated financial statements, no judgement has been received from the Court. The directors have sought advice from its PRC lawyer and are of the view that Wuxi Shengye has good grounds of defence because there is lack of legal or factual basis to support the Plaintiff’s claims. Therefore, no provision for repayment of the Alleged Debt and the related interests and costs is considered necessary.

* For identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

34. EVENTS AFTER REPORTING PERIOD

On 26 July 2023, the Company entered into the subscription agreement with Ruixing Investments Limited (the "Subscriber"), a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Wu Zhanming, a substantial shareholder of the Company, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 550,000,000 new shares at HK\$0.068 per subscription share (the "Subscription").

After deducting related fees and expenses, the net proceeds of the Subscription will amount to approximately HK\$36,558,000, representing a net subscription price of approximately HK\$0.066 per subscription share. The net proceeds will be used as follows: (i) approximately HK\$26,558,000 will be used for the general working capital of the Group; and (ii) approximately HK\$10,000,000 will be used for potential investment opportunities as identified by the Group from time to time. A circular related to the Subscription has been despatched to shareholders on 28 September 2023.

FIVE-YEAR FINANCIAL SUMMARY

The following is a summary of the published results and the assets and liabilities of the Group:

RESULTS

	For the year ended 30 June				2023 HK\$'000
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	
Revenue	17,011	248,384	253,977	11,131	93,673
Loss before income tax	(78,215)	(256,904)	(59,565)	(161,436)	(46,834)
Tax credit (expense)	464	1,755	(662)	(1,441)	3,168
Loss for the year	(77,751)	(255,149)	(60,227)	(162,877)	(43,666)
Loss attributable to equity holders of the Company	(77,751)	(255,149)	(60,227)	(162,877)	(43,449)

ASSETS AND LIABILITIES

	At 30 June				2023 HK\$'000
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	
Total assets	2,359,681	1,889,272	1,654,221	1,436,359	1,299,818
Total liabilities	(1,016,473)	(816,709)	(605,473)	(563,372)	(497,671)
	1,343,208	1,072,563	1,048,748	872,987	802,147
Equity attributable to equity holders of the Company	1,343,208	1,072,563	1,048,748	872,987	797,464

PARTICULARS OF INVESTMENT PROPERTIES, LAND AND BUILDINGS UNDER PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES HELD FOR SALES

Particulars of investment properties held by the Group as at 30 June 2023 are as follows:

Name/location	Approximate gross floor area	Lease expiry	Type	Effective % held
24th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong (excluding units 2407A, 2407B, 2408A, 2410A, 2410B, 2411A and 2411B)	11,686 sq.ft.	2059	Commercial	100%

Particulars of land and buildings under property, plant and equipment held by the Group as at 30 June 2023 are as follows:

Name/location	Approximate gross floor area	Lease expiry	Type	Effective % held
Units 2407A, 2407B and 2408A on 24th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong	2,696 sq.ft.	2059	Commercial	100%

Particulars of properties held for sales held by the Group as at 30 June 2023 are as follows:

Name/location	Year of completion	Approximate site area	Approximate gross floor area completed	Lease expiry	Type	Effective % held
The PRC						
The sides of Tianhe Road, Tianyi New Town, Huishan District, Wuxi City, Jiangsu Province, the PRC	2023	29,326 sq.m.	124,158 sq.m.	2053	Commercial	100%

DEFINITIONS

In this annual report, the following terms or expressions have the following meanings unless otherwise specified:

“AGM”	the annual general meeting of the Company
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of the Company
“Bye-laws”	the Bye-laws of the Company
“Chairman”	the chairman of the Board
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Applied Development Holdings Limited
“COVID-19”	Coronavirus Disease 2019
“Directors”	the directors of the Company
“FVPL”	Fair value through profit or loss
“FY2021”	the financial year ended 30 June 2021
“FY2022”	the financial year ended 30 June 2022
“FY2023”	the financial year ended 30 June 2023
“Group” or “We”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“sq.ft.”	square feet
“sq.m.”	square meter
“Stock Exchange” or “HKEx”	The Stock Exchange of Hong Kong Limited
“Wuxi Property Project”	The property development project of the Group in Wuxi City, Jiangsu Province, PRC
“Wuxi Shengye”	Wuxi Shengye Haigang Joint Stock Company Limited* (無錫盛業海港股份有限公司), a wholly-owned subsidiary of the Company
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

* For identification purposes only